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CLEAR CHANNEL COMMUNICATIONS INC

Form S-3

December 10, 2003

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON DECEMBER 10, 2003

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

CLEAR CHANNEL COMMUNICATIONS, INC.
(Exact name of registrant as specified in its charter)

TEXAS
(State or other jurisdiction of incorporation or
organization)

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

CCCI CAPITAL TRUST I
CCCI CAPITAL TRUST II
CCCI CAPITAL TRUST III
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or
organization)

74-6456072
74-6456074
74-6456077
(I.R.S. Employer Identification No.)

200 EAST BASSE ROAD
SAN ANTONIO, TEXAS 78209
(210) 822-2828
(Address, including zip code, and telephone
number, including area code, of registrant's
principal executive offices)

L. LOWRY MAYS
CLEAR CHANNEL COMMUNICATIONS, INC.
200 EAST BASSE ROAD
SAN ANTONIO, TEXAS 78209
(210) 822-2828
(Name, address, including zip code, and
telephone number including area code, of agent
for service)

Copies to:
J. KENNETH MENGES, JR., P.C.
AKIN, GUMP, STRAUSS, HAUER & FELD, L.L.P.
1700 PACIFIC AVENUE, SUITE 4100
DALLAS, TEXAS 75201
(214) 969-2800

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(214) 969-4343 (FAX)

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: From time to time after this registration statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. []

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of earlier effective registration statement for the same offering. []

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [X]

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER UNIT(1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1) (2)
Senior debt securities of Clear Channel Communications, Inc.(3) (4).....			
Subordinated debt securities of Clear Channel(3) (4).....			
Junior subordinated debt securities of Clear Channel(3) (4).....			

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Class A Preferred Stock of Clear Channel (4) (5).....			

Class B Preferred Stock of Clear Channel (4) (5).....	(8)	(8)	(8)

Common Stock of Clear Channel (4) (6).....			

Warrants of Clear Channel (7).....			

Preferred Securities of CCCI Capital Trust I, CCCI Capital Trust II, and CCCI Capital Trust III (collectively, the "Clear Channel Trusts") (9).....			

Guarantees of Preferred Securities of the Clear Channel Trusts by Clear Channel (10).....			

Stock Purchase Contracts (11).....			

Stock Purchase Units (12).....			

Total.....	\$3,000,000,000	100%	\$3,000,000,000

- (1) The proposed maximum offering price per unit will be determined from time to time by the Registrants in connection with the issuance by the Registrants of the securities registered hereunder.
- (2) The proposed maximum aggregate offering price has been estimated solely for the purpose of calculating the registration fee pursuant to Rule 457 under the Securities Act.
- (3) Subject to note (13) below, there is being registered hereunder an indeterminate principal amount of senior debt securities, subordinated debt securities or junior subordinated debt securities of Clear Channel as may be sold, from time to time. If any senior debt securities, subordinated debt securities or junior subordinated debt securities are issued at an original issue discount, then the offering price shall be in such greater principal amount as shall result in an aggregate initial offering price not to exceed \$3,000,000,000.
- (4) Subject to note (13) below, there is being registered hereunder an indeterminate principal amount of senior debt securities, subordinated debt securities and junior subordinated debt securities, and an indeterminate number of shares of Class A and Class B preferred stock and common stock of Clear Channel, as shall be issuable upon conversion or redemption, or upon the exercise of warrants of Clear Channel registered hereunder, of senior debt securities, subordinated debt securities or junior subordinated debt securities, Class A preferred stock, Class B preferred stock or common stock of Clear Channel or preferred securities of the Clear Channel Trusts, as the case may be, registered hereunder.

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- (5) Subject to note (13) below, there is being registered hereunder an indeterminate number of shares of Class A and Class B preferred stock of Clear Channel as may be sold from time to time.
- (6) Subject to note (13) below, there is being registered hereunder an indeterminate number of shares of common stock of Clear Channel as may be sold from time to time.
- (7) Subject to note (13) below, there is being registered hereunder an indeterminate amount and number of warrants of Clear Channel, representing rights to purchase certain of the senior debt securities, subordinated debt securities, junior subordinated debt securities, Class A or Class B preferred stock or common stock of Clear Channel registered hereunder.
- (8) Not applicable pursuant to General Instruction II.D. of Form S-3.
- (9) Subject to note (13) below, there is being registered hereunder an indeterminate amount and number of preferred securities of the Clear Channel Trusts as may be sold from time to time.
- (10) No separate consideration will be received for the guarantees of the preferred securities. The guarantees include the right of holders of preferred securities under the guarantees and certain back-up undertakings, as described in the registration statement.
- (11) Subject to note (13) below, there is being registered hereunder an indeterminate amount and number of stock purchase contracts, representing rights (and obligations) to purchase common stock or Class A or Class B preferred stock.
- (12) Subject to note (13) below, there is being registered hereunder an indeterminate amount and number of stock purchase units, representing ownership of stock purchase contracts and senior debt securities, subordinated debt securities, junior subordinated debt securities, preferred securities or U.S. Treasury Securities.
- (13) In no event will the aggregate offering price of all securities issued from time to time pursuant to this registration statement exceed \$3,000,000,000 or the equivalent thereof in one or more foreign currencies, foreign currency units or composite currencies. In accordance with Rule 429 under the Securities Act of 1933, the Prospectus included herein is a combined prospectus which also relates to the Company's Registration Statement on Form S-3, File No. 333-76942 (the "Prior Registration Statement"). This Registration Statement, which is a new Registration Statement, also constitutes the first post-effective amendment to the Prior Registration Statement. Such post-effective amendment shall hereafter become effective concurrently with the effectiveness of this Registration Statement in accordance with Section 8-A of the Securities Act of 1933. The amount of securities eligible to be sold under the Prior Registration Statement (\$450,000,000 as of December 10, 2003) shall be carried forward to this Registration Statement. The amount of the filing fee associated with such securities that was previously paid with the Prior Registration Statement is \$41,400.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON

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SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION AND AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOT SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION DECEMBER 10, 2003

PROSPECTUS

\$3,000,000,000

CLEAR CHANNEL COMMUNICATIONS, INC.

CCCI CAPITAL TRUST I
CCCI CAPITAL TRUST II
CCCI CAPITAL TRUST III

We will offer and sell, from time to time, in one or more offerings, the debt and equity securities described in this prospectus. The total offering price of these securities, in the aggregate, will not exceed \$3.0 billion. We will provide the specific terms of these securities in supplements to this prospectus. You should carefully read this prospectus and the supplements before you decide to invest in any of these securities.

CLEAR CHANNEL COMMUNICATIONS, INC.

We will offer and sell, from time to time, in one or more offerings:

- common stock
- senior debt securities
- subordinated debt securities
- junior subordinated debt securities
- Class A and Class B preferred stock
- warrants
- stock purchase contracts
- stock purchase units
- guarantees

The common stock is traded on the New York Stock Exchange under the symbol "CCU." Any common stock sold pursuant to a prospectus supplement will be listed on such exchange, subject to official notice of issuance.

The stock purchase contracts will require a purchaser to buy a specific amount of common stock or preferred stock, and they will obligate Clear Channel

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to pay the purchasers specific fees. The stock purchase units will include these stock purchase contracts and debt securities, junior subordinated debt securities, debt obligations of the United States of America or its agencies or instrumentalities, or preferred securities issued by CCCI Capital Trusts I, II and III. The guarantees will be full, unconditional guarantees of the Clear Channel Trusts' obligation to distribute specific amounts of cash to the holders of Clear Channel Trust preferred securities.

THE CLEAR CHANNEL TRUSTS

The CCCI Capital Trusts I, II and III are each Delaware business trusts that will offer and sell preferred securities, from time to time, in one or more offerings. Each Clear Channel Trust will use all of the proceeds from the sale of its preferred securities to buy junior subordinated debt securities of Clear Channel. The Clear Channel Trusts will receive cash payments from the junior subordinated debt securities, and each trust will distribute these payments to the holders of its preferred and common securities. Clear Channel will own all of the common securities of the Clear Channel Trusts.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

FOR A DISCUSSION OF THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE SECURITIES, SEE "GENERAL DESCRIPTION OF SECURITIES AND RISK FACTORS" ON PAGE 5.

The date of this prospectus is _____, 2003.

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EXPLANATORY NOTE

When we refer to Clear Channel in this prospectus, we are referring to Clear Channel Communications, Inc. When we refer to the Clear Channel Trusts in this prospectus, we are referring to the CCCI Capital Trusts. When the word "we," "our" or "us" is used in this prospectus, we are referring to both Clear Channel and the Clear Channel Trusts together.

ABOUT THIS PROSPECTUS

This prospectus is part of a shelf registration statement that we filed with the SEC. By using a shelf registration statement, we may sell, from time to time, in one or more offerings, any combination of the securities described in this prospectus. The total dollar amount of the securities we sell through these offerings will not exceed \$3.0 billion.

This prospectus only provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that contains specific information about the terms of the securities. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading "Where You Can Find More Information."

This prospectus does not contain separate financial statements for the Clear Channel Trusts. We do not believe these financial statements would be useful since each trust is a direct or indirect wholly-owned subsidiary of Clear Channel, and we file consolidated financial information under the Exchange Act. The Clear Channel Trusts will not have any independent function other than to issue common and preferred securities and to purchase junior subordinated debt securities of Clear Channel. Clear Channel will provide a full, unconditional guarantee of each trust's obligations under their respective preferred securities.

You should rely only on the information contained or incorporated by reference in this prospectus and the prospectus supplement. We have not authorized anyone else to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We will not make an offer to sell these securities in any state where the offer or sale is not permitted. You should assume that the information appearing in this prospectus, as well as the information we previously filed with the SEC and incorporated by reference into this prospectus, is accurate only as of the date of the documents containing the information.

CLEAR CHANNEL COMMUNICATIONS, INC.

Clear Channel is a diversified media company with three reportable business segments: radio broadcasting; outdoor advertising and live entertainment. As of December 31, 2002, Clear Channel owned 1,184 domestic radio stations and a leading national radio network. In addition, at December 31, 2002, Clear Channel had equity interests in various domestic and international radio broadcasting companies. At December 31, 2002, Clear Channel also owned or operated 144,097 domestic outdoor advertising display faces and 571,942 international outdoor advertising display faces. In addition, Clear Channel operates as a promoter, producer, and venue operator for live entertainment events. As of December 31, 2002, Clear Channel owned or operated 76 live entertainment venues domestically and 26 live entertainment venues internationally, which excludes 25 domestic venues and three international venues where Clear Channel either owns a non-controlling interest or has booking, promotions or a media representation firm and represented professional athletes, all of which are within the category

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"other." Clear Channel's principal executive offices are located at 200 East Basse Road, San Antonio, Texas 78209, and its telephone number is 210-822-2828.

THE CLEAR CHANNEL TRUSTS

Each Clear Channel Trust is a statutory business trust formed under Delaware law pursuant to a separate declaration of trust executed by Clear Channel, as depositor for the Clear Channel Trust, and the

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trustees of the trust, and the filing of a certificate of trust with the Delaware Secretary of State. The declarations of trust will be amended and restated in their entirety substantially in the form filed as an exhibit to the registration statement of which this prospectus is a part and will be qualified as indentures under the Trust Indenture Act of 1939. Unless the accompanying prospectus supplement provides otherwise, each Clear Channel Trust exists for the sole purposes of

- issuing its preferred securities,
- investing the gross proceeds of the sale of its preferred securities in junior subordinated debt securities of Clear Channel, and
- engaging in only those other activities necessary or incidental thereto.

All of each Clear Channel Trusts' common securities will be owned by Clear Channel. The common securities will rank equally with the preferred securities and payments on the common securities will be made on a pro rata basis with the preferred securities. However, upon the occurrence and continuance of an event of default under the applicable amended and restated declaration of trust, the rights of the holders of the applicable common securities to payment in respect of distributions and payments upon liquidation, redemption and otherwise will be subordinated to the rights of the holders of the applicable preferred securities. Clear Channel will acquire common securities having an aggregate liquidation amount equal to a minimum of 1% of the total capital of each Clear Channel Trust.

Each Clear Channel Trust will have a term of at least 20 but not more than 50 years, but may terminate earlier as provided in the applicable amended and restated declaration of trust. Each Clear Channel Trust's business and affairs will be conducted by the trustees. Clear Channel will be entitled to appoint, remove or replace any of, or increase or reduce the number of, the trustees of each Clear Channel Trust. The duties and obligations of the trustees will be governed by the amended and restated declaration of trust of each Clear Channel Trust. At least one of the trustees of each Clear Channel Trust will be a person who is an employee or officer of or who is affiliated with Clear Channel. One trustee of each Clear Channel Trust will be a financial institution that is not affiliated with Clear Channel, which will act as property trustee and as indenture trustee for the purposes of the Trust Indenture Act, pursuant to the terms set forth in a prospectus supplement. In addition, unless the property trustee maintains a principal place of business in the State of Delaware and otherwise meets the requirements of applicable law, one trustee of each Clear Channel Trust will be a legal entity having a principal place of business in, or an individual resident of, the State of Delaware. Clear Channel will pay all fees and expenses related to each Clear Channel Trust and the offering of the preferred securities. Unless otherwise set forth in a prospectus supplement, the property trustee will be The Bank of New York, and the Delaware trustee will be The Bank of New York (Delaware). The office of the Delaware trustee in the State of Delaware is White Clay Center, Route 273, Newark, Delaware 19711. The principal place of business of each Clear Channel Trust is c/o Clear Channel Communications, Inc., 200 East Basse Road, San Antonio, Texas 78209, telephone:

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(210) 822-2828.

RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

The following table sets forth the ratio of earnings to combined fixed charges and preferred stock dividends for Clear Channel.

YEARS ENDED DECEMBER 31,					NINE MONTHS ENDED SEPTEMBER 30	
2002	2001	2000	1999	1998	2002	2003
2.62	*	2.20	2.04	1.83	2.64	3.98

* For the year ended December 31, 2001, fixed charges exceeded earnings before income taxes and fixed charges by \$1.3 billion.

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

USE OF PROCEEDS

Unless indicated otherwise in a prospectus supplement, Clear Channel expects to use the net proceeds from the sale of its securities for general corporate purposes, including repayment of borrowings, working capital, capital expenditures, stock repurchase programs and acquisitions. Unless otherwise specified in the accompanying prospectus supplement, each Clear Channel Trust will use all proceeds received from the sale of its preferred securities to purchase junior subordinated debt securities of Clear Channel.

HOLDING COMPANY STRUCTURE

Clear Channel is a holding company and its assets consist primarily of investments in its subsidiaries and majority-owned partnerships. Clear Channel's rights and the rights of its creditors, including holders of debt securities or junior subordinated debt securities, to participate in the distribution of assets of any person in which Clear Channel owns an equity interest will be subject to prior claims of the person's creditors upon the person's liquidation or reorganization. However, Clear Channel may itself be a creditor with recognized claims against this person, but claims of Clear Channel would still be subject to the prior claims of any secured creditor of this person and of any holder of indebtedness of this person that is senior to that held by Clear Channel. Accordingly, the holder of debt securities or junior subordinated debt securities may be deemed to be effectively subordinated to those claims.

GENERAL DESCRIPTION OF SECURITIES AND RISK FACTORS

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Clear Channel may offer shares of common stock or preferred stock, debt securities, junior subordinated debt securities, warrants, stock purchase contracts, stock purchase units, or any combination of them either individually or as units consisting of one or more securities under this prospectus. Each Clear Channel Trust may offer preferred securities under this prospectus.

THE SECURITIES TO BE OFFERED MAY INVOLVE A HIGH DEGREE OF RISK. THE RISKS WILL BE SET FORTH IN THE PROSPECTUS SUPPLEMENT RELATING TO THE SECURITY. IN ADDITION, ADDITIONAL RISK FACTORS RELATING TO CLEAR CHANNEL'S BUSINESS MAY BE SET FORTH IN A PROSPECTUS SUPPLEMENT OR INCLUDED IN CLEAR CHANNEL'S MOST RECENT ANNUAL REPORT ON FORM 10-K OR OTHER DOCUMENT THAT IS INCORPORATED BY REFERENCE INTO THIS DOCUMENT.

DESCRIPTION OF SENIOR AND SUBORDINATED DEBT SECURITIES

The following description of Clear Channel's senior and subordinated debt securities summarizes the general terms and provisions of its debt securities to which any prospectus supplement may relate. We will describe the specific terms of Clear Channel's debt securities and the extent, if any, to which the general provisions summarized below may apply to any series of its debt securities in the prospectus supplement relating to the series. In this prospectus, "debt securities" will be used to refer to senior and subordinated debt securities, but not to junior subordinated debt securities.

Clear Channel may issue its senior debt securities from time to time, in one or more series under a senior indenture, between Clear Channel and The Bank of New York, as senior trustee, or another senior trustee named in a prospectus supplement. The form of senior indenture is filed as an exhibit to the registration statement. Clear Channel may issue its subordinated debt securities from time to time, in one or more series under a subordinated indenture, between Clear Channel and The Bank of New York, as subordinated trustee, or another subordinated trustee named in a prospectus supplement. The form of

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subordinated indenture is filed as an exhibit to the registration statement. Together the senior indenture and the subordinated indenture are called the indentures, and together the senior trustee and the subordinated trustee are called the debt trustees. Both indentures are governed by New York law. None of the indentures will limit the amount of debt securities that may be issued. The applicable indenture will provide that debt securities may be issued up to an aggregate principal amount authorized by Clear Channel and may be payable in any currency or currency unit designated by it or in amounts determined by reference to an index.

GENERAL

The senior debt securities will be unsecured and will rank equally with Clear Channel's other unsecured and unsubordinated debt, unless Clear Channel is required to secure the senior debt securities as described below under "-- Senior Debt Securities." Clear Channel's obligations under any subordinated debt securities will be subordinate in right of payment to all of its senior indebtedness, and will be described in an accompanying prospectus supplement. Clear Channel will issue debt securities from time to time and offer its debt securities on terms determined by market conditions at the time of sale.

Clear Channel may issue its debt securities in one or more series with the same or various maturities, at par, at a premium or at a discount. Any debt securities bearing no interest or interest at a rate which at the time of issuance is below market rates will be sold at a discount, which may be substantial, from their stated principal amount. We will describe the federal income tax consequences and other special considerations applicable to any

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substantially discounted debt securities in the related prospectus supplement.

You should refer to the prospectus supplement for the following terms of the debt securities offered hereby:

- the designation, aggregate principal amount and authorized denominations of the debt securities;
- the percentage of the principal amount at which Clear Channel will issue the debt securities;
- the date or dates on which the debt securities will mature;
- the annual interest rate or rates of the debt securities, or the method of determining the rate or rates;
- the date or dates on which any interest will be payable, the date or dates on which payment of any interest will commence and the regular record dates for the interest payment dates;
- the terms of any mandatory or optional redemption, including any provisions for any sinking, purchase or other similar funds, or repayment options;
- the currency, currencies or currency units for which the debt securities may be purchased and in which the principal, any premium and any interest may be payable;
- if the currency, currencies or currency units for which the debt securities may be purchased or in which the principal, any premium and any interest may be payable is at Clear Channel's election or the purchaser's election, the manner in which the election may be made;
- if the amount of payments on the debt securities is determined by an index based on one or more currencies or currency units, or changes in the price of one or more securities or commodities, the manner in which the amounts may be determined;
- the extent to which any of the debt securities will be issuable in temporary or permanent global form, and the manner in which any interest payable on a temporary or permanent global security will be paid;
- the terms and conditions upon which the debt securities may be convertible into or exchanged for common stock, preferred stock or indebtedness or other securities included in this document;

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- information with respect to book-entry procedures, if any;
- a discussion of the federal income tax, accounting and other special considerations, procedures and limitations with respect to the debt securities; and
- any other specific terms of the debt securities not inconsistent with the applicable indenture.

If Clear Channel sells any of the debt securities for one or more foreign currencies or foreign currency units or if the principal of, premium, if any, or interest on any series of debt securities will be payable in one or more foreign currencies or foreign currency units, it will describe the restrictions,

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elections, federal income tax consequences, specific terms and other information with respect to the issue of debt securities and the currencies or currency units in the related prospectus supplement.

Unless specified otherwise in a prospectus supplement, the principal of, premium on, and interest on the debt securities will be payable, and the debt securities will be transferable, at the corporate trust office of the applicable debt trustee in New York, New York. However, Clear Channel may make payment of interest at its option by check mailed on or before the payment date to the address of the person entitled to the interest payment as it appears on the registry books of Clear Channel or its agents.

Unless specified otherwise in a prospectus supplement, Clear Channel will issue the debt securities only in fully registered form and in denominations of \$1,000 and any integral multiple of \$1,000. No service charge will be made for any transfer or exchange of any debt securities, but Clear Channel may, except in specific cases not involving any transfer, require payment of a sufficient amount to cover any tax or other governmental charge payable in connection with the transfer or exchange. Unless we specify otherwise in the prospectus supplement, Clear Channel will pay interest on outstanding debt securities to holders of record on the date 15 days immediately prior to the date the interest is to be paid.

Clear Channel's rights and the rights of its creditors, including holders of debt securities, to participate in any distribution of assets of any Clear Channel subsidiary upon its liquidation or reorganization or otherwise is subject to the prior claims of creditors of the subsidiary, except to the extent that Clear Channel's claims as a creditor of the subsidiary may be recognized. Clear Channel's operations are conducted through its subsidiaries and, therefore, Clear Channel is dependent upon the earnings and cash flow of its subsidiaries to meet its obligations, including obligations under the debt securities. The debt securities will be effectively subordinated to all indebtedness of Clear Channel's subsidiaries.

GLOBAL SECURITIES

Clear Channel may issue debt securities of a series in whole or in part in the form of one or more global securities and will deposit them with or on behalf of a depositary identified in the prospectus supplement relating to that series. Clear Channel may issue global securities only in fully registered form and in either temporary or permanent form. Unless and until it is exchanged in whole or in part for the individual debt securities represented thereby, a global security may not be transferred except as a whole by the depositary for the global security to a nominee of the depositary or by a nominee of the depositary to the depositary or another nominee of the depositary or by the depositary or any nominee of the depositary to a successor or any nominee.

The specific terms of the depositary arrangement relating to a series of debt securities will be described in the prospectus supplement relating to that series. It is anticipated that the following provisions will generally apply to depositary arrangements.

Upon the issuance of a global security, the depositary for the global security or its nominee will credit on its book entry registration and transfer system the principal amounts of the individual debt securities represented by the global security to the accounts of persons that have accounts with the depositary. The accounts will be designated by the dealers, underwriters or agents with respect to the debt securities or by Clear Channel if the debt securities are offered and sold directly by it. Ownership of beneficial interests in a global security will be limited to persons that have accounts with the applicable depositary participants or

persons that hold interests through participants. Ownership of beneficial interests in the global security will be shown on, and the transfer of that ownership will be effected only through, records maintained by:

- the applicable depository or its nominee, with respect to interests of participants; and
- the records of participants, with respect to interests of persons other than participants.

The laws of some states require that purchasers of securities take physical delivery of the securities in definitive form. These limits and laws may impair the ability to transfer beneficial interests in a global security.

So long as the depository for a global security or its nominee is the registered owner of the global security, the depository or the nominee will be considered the sole owner or holder of the debt securities represented by the global security for all purposes under the applicable indenture. Except as provided below, owners of beneficial interests in a global security will:

- not be entitled to have any of the individual debt securities of the series represented by the global security registered in their names;
- not receive or be entitled to receive physical delivery of any debt security of that series in definitive form; and
- not be considered the owners or holders thereof under the applicable indenture governing the debt securities.

Payments of principal of, any premium on and any interest on individual debt securities represented by a global security registered in the name of a depository or its nominee will be made to the depository or its nominee as the registered owner of the global security representing the debt securities. None of Clear Channel, the applicable debt trustee for the debt securities, any Paying Agent or the Security Registrar for the debt securities will have any responsibility or liability for the records relating to or payments made on account of beneficial ownership interests of the global security for the debt securities or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests.

Clear Channel expects that the depository for a series of debt securities or its nominee, upon receipt of any payment of principal, premium or interest in respect of a permanent global security representing any of the debt securities, will immediately credit participants' accounts with payments in amounts proportionate to their beneficial interests in the principal amount of the global security for the debt securities as shown on the records of the depository or its nominee. Clear Channel also expects that payments by participants to owners of beneficial interests in the global security held through the participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in "street name." The payments will be the responsibility of those participants.

If the depository for a series of debt securities is at any time unwilling, unable or ineligible to continue as depository and a successor depository is not appointed by Clear Channel within 90 days, Clear Channel will issue individual debt securities of that series in exchange for the global security representing that series of debt securities. In addition, Clear Channel may at any time and in its sole discretion, subject to any limitations described in the prospectus

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supplement relating to the debt securities, determine not to have any debt securities of a series represented by one or more global securities. In that event, Clear Channel will issue individual debt securities of that series in exchange for the global security or securities representing that series of debt securities. Further, if Clear Channel so specifies with respect to the debt securities of a series, an owner of a beneficial interest in a global security representing debt securities of that series may, on terms acceptable to Clear Channel, the applicable debt trustee and the depository for such global security, receive individual debt securities of that series in exchange for the beneficial interests, subject to any limitations described in the prospectus supplement relating to the debt securities. In any such instance, an owner of a beneficial interest in a global security will be entitled to physical delivery of individual debt securities of the series represented by the global security equal in principal amount to the beneficial interest and to have the debt securities registered in its name. Individual debt securities of the

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series so issued will be issued in denominations, unless otherwise specified by Clear Channel, of \$1,000 and integral multiples of \$1,000.

CONSOLIDATION, MERGER, CONVEYANCE OR TRANSFER

Each indenture prohibits Clear Channel's consolidation with or merger into any other corporation or the transfer of Clear Channel's properties and assets substantially as an entirety to any person, unless:

- the successor corporation is organized and existing under the laws of the United States, any State thereof or the District of Columbia, and expressly assumes by a supplemental indenture the punctual payment of the principal of, premium on and interest on, all the outstanding debt securities and the performance of every covenant in the applicable indenture to be performed or observed on Clear Channel's part;
- immediately after giving effect to the transaction, no event of default has happened and is continuing; and
- Clear Channel has delivered to the applicable debt trustee an officers' certificate and an opinion of counsel, each stating that the consolidation, merger, conveyance or transfer and the supplemental indenture comply with the foregoing provisions relating to the transaction.

In case of any consolidation, merger, conveyance or transfer, the successor corporation will succeed to and be substituted for Clear Channel as obligor on the debt securities, with the same effect as if it had been named as Clear Channel in the applicable indenture. Unless otherwise specified in a prospectus supplement, other than the restrictions on Mortgages described below, the indentures and the debt securities do not contain any covenants or other provisions designed to protect holders of debt securities in the event of a highly leveraged transaction involving Clear Channel or any Subsidiary (defined below).

EVENTS OF DEFAULT; WAIVER AND NOTICE OF DEFAULT; DEBT SECURITIES IN FOREIGN CURRENCIES

An event of default when used in an indenture will mean any of the following as to any series of debt securities:

- default for 30 days in payment of any interest, or, in the case of the subordinated indenture, for a period of 90 days;

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- default in payment of principal of or any premium at maturity;
- default in payment of any sinking or purchase fund or similar obligation;
- default by Clear Channel in the performance of any other covenant or warranty contained in the applicable indenture for the benefit of that series which has not been remedied within a period of 90 days after notice is given; or
- events of Clear Channel's bankruptcy, insolvency and reorganization.

A default under Clear Channel's other indebtedness will not be a default under the indentures and a default under one series of debt securities will not necessarily be a default under another series.

Each indenture provides that if an event of default described in the first three bullet points above or under the fourth bullet point above with respect to less than all series of debt securities then outstanding has occurred and is continuing with respect to any series, either the applicable debt trustee or the holders of not less than 25% in aggregate principal amount of the debt securities of the series then outstanding, each series acting as a separate class, may declare the principal or, in the case of original issue discount securities, the portion specified in the terms thereof, of all outstanding debt securities of the series and the accrued interest to be due and payable immediately. Each indenture further provides that if an event of default described in the fifth bullet point above or under the fourth bullet point above with respect to all series of debt securities then outstanding has occurred and is continuing, either the applicable debt trustee or the holders of at least 25% in aggregate principal amount of all debt securities then outstanding, treated

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as one class, may declare the principal or, in the case of original issue discount securities, the portion specified in the terms thereof, of all debt securities then outstanding and the accrued interest to be due and payable immediately. However, upon certain conditions the declarations may be annulled and past defaults, except for defaults in the payment of principal of, premium on, or interest on, the debt securities and in compliance with certain covenants, may be waived by the holders of a majority in aggregate principal amount of the debt securities of the series then outstanding.

Under each indenture, the applicable debt trustee must give notice to the holders of each series of debt securities of all uncured defaults known to it with respect to that series within 90 days after a default occurs. The term "default" includes the events specified above without notice or grace periods. However, in the case of any default of the type described in the fourth bullet point above, no notice may be given until at least 90 days after the occurrence of the event. The debt trustee will be protected in withholding notice if it in good faith determines that the withholding of notice is in the interests of the holders of the debt securities, except in the case of default in the payment of principal of, premium on, or interest on, any of the debt securities, or default in the payment of any sinking or purchase fund installment or analogous obligations.

No holder of any debt securities of any series may institute any action under either indenture unless:

- the holder has given the debt trustee written notice of a continuing event of default with respect to that series;
- the holders of not less than 25% in aggregate principal amount of the

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debt securities of the series then outstanding have requested the debt trustee to institute proceedings in respect of the event of default;

- the holder or holders have offered the debt trustee reasonable indemnity as the debt trustee may require;
- the debt trustee has failed to institute an action for 60 days; and
- no inconsistent direction has been given to the debt trustee during the 60-day period by the holders of a majority in aggregate principal amount of debt securities of the series then outstanding.

The holders of a majority in aggregate principal amount of the debt securities of any series affected and then outstanding will have the right, subject to limitations, to direct the time, method and place of conducting any proceeding for any remedy available to the applicable debt trustee or exercising any trust or power conferred on the debt trustee with respect to a series of debt securities. Each indenture provides that if an event of default occurs and is continuing, the debt trustee will be required to use the degree of care of a prudent person in the conduct of that person's own affairs in exercising its rights and powers under the indenture. Each indenture further provides that the debt trustee will not be required to expend or risk its own funds in the performance of any of its duties under the indenture unless it has reasonable grounds for believing that repayment of the funds or adequate indemnity against the risk or liability is reasonably assured to it.

Clear Channel must furnish to the debt trustees within 120 days after the end of each fiscal year a statement signed by one of its officers to the effect that a review of its activities during the year and of its performance under the applicable indenture and the terms of the debt securities has been made, and, to the best of the knowledge of the signatories based on the review, Clear Channel has complied with all conditions and covenants of the indenture through the year or, if Clear Channel is in default, specifying the default.

To determine whether the holders of the requisite principal amount of debt securities have taken action as described above when the debt securities are denominated in a foreign currency, the principal amount of the debt securities will be deemed to be that amount of United States dollars that could be obtained for the principal amount based on the applicable spot rate of exchange as of the date the action taken is evidenced to the debt trustee as provided in the indenture.

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To determine whether the holders of the requisite principal amount of debt securities have taken action as described above when the debt securities are original issue discount securities, the principal amount of the debt securities will be deemed to be the portion of the principal amount that would be due and payable at the time the action is taken upon a declaration of acceleration of maturity.

MODIFICATION OF THE INDENTURES

The indentures provide that Clear Channel and the applicable debt trustee may, without the consent of any holders of debt securities, enter into supplemental indentures for the purposes, among other things, of:

- adding to Clear Channel's covenants;
- adding additional events of default;

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- establishing the form or terms of any series of debt securities; or
- curing ambiguities or inconsistencies in the indenture or making other provisions.

However, no supplemental indenture for the purposes identified above may be entered into if to do so would adversely affect the interest of the holders of any series of debt securities.

With specific exceptions, the applicable indenture or the rights of the holders of the debt securities may be modified by Clear Channel and the applicable debt trustee with the consent of the holders of a majority in aggregate principal amount of the debt securities of each series affected by the modification then outstanding, but no modification may be made without the consent of the holder of each outstanding debt security affected which would:

- change the maturity of any payment of principal of, or any premium on, or any installment of interest on any debt security;
- reduce the principal amount of or the interest or any premium on any debt security;
- change the method of computing the amount of principal of or interest on any date;
- change any place of payment where, or the currency in which, any debt security or any premium or interest is payable;
- impair the right to sue for the enforcement of any payment on or after the maturity thereof, or, in the case of redemption or repayment, on or after the redemption date or the repayment date;
- reduce the percentage in principal amount of the outstanding debt securities of any series where the consent of the holders is required for any modification, or the consent of the holders is required for any waiver of compliance with provisions of the applicable indenture or specific defaults and their consequences provided for in the indenture; or
- modify any of the provisions of specific sections of the applicable indenture, including the provisions summarized in this section, except to increase any percentage or to provide that other provisions of the indenture cannot be modified or waived without the consent of the holder of each outstanding debt security affected thereby.

SATISFACTION AND DISCHARGE OF THE INDENTURES; DEFEASANCE

The indentures will generally cease to be of any further effect with respect to a series of debt securities if Clear Channel delivers all debt securities of that series, with limited exceptions, for cancellation to the applicable debt trustee or all debt securities of that series not previously delivered for cancellation to the applicable debt trustee have become due and payable or will become due and payable or called for redemption within one year, and Clear Channel has deposited with the applicable debt trustee as trust funds the entire amount sufficient to pay at maturity or upon redemption all the debt securities, no default with respect to the debt securities has occurred and is continuing on the date of the deposit, and the deposit does not result in a breach or violation of, or default under, the applicable indenture or any other agreement or instrument to which Clear Channel is a party.

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Clear Channel has a "legal defeasance option" under which it may terminate, with respect to the debt securities of a particular series, all of its obligations under the debt securities and the applicable indenture. In addition, Clear Channel has a "covenant defeasance option" under which it may terminate, with respect to the debt securities of a particular series, Clear Channel's obligations with respect to the debt securities under specified covenants contained in the applicable indenture. If Clear Channel exercises its legal defeasance option with respect to a series of debt securities, payment of the debt securities may not be accelerated because of an event of default. If Clear Channel exercises its covenant defeasance option with respect to a series of debt securities, payment of the debt securities may not be accelerated because of an event of default related to the specified covenants.

Clear Channel may exercise its legal defeasance option or its covenant defeasance option with respect to the debt securities of a series only if:

- Clear Channel deposits in trust with the applicable debt trustee cash or debt obligations of the United States of America or its agencies or instrumentalities for the payment of principal, premium and interest with respect to the debt securities to maturity or redemption;
- Clear Channel delivers to the applicable debt trustee a certificate from a nationally recognized firm of independent public accountants expressing their opinion that the payments of principal and interest when due will provide cash sufficient to pay the principal, premium, and interest when due with respect to all the debt securities of that series to maturity or redemption;
- 91 days pass after the deposit is made and during the 91-day period no default described in the fifth bullet point under "-- Events of Default; Waiver and Notice Of Default; Debt Securities in Foreign Currencies" above with respect to Clear Channel occurs that is continuing at the end of the period;
- no default has occurred and is continuing on the date of the deposit;
- the deposit does not constitute a default under any other agreement binding on Clear Channel;
- Clear Channel delivers to the applicable debt trustee an opinion of counsel to the effect that the trust resulting from the deposit does not constitute a regulated investment company under the Investment Company Act of 1940;
- Clear Channel has delivered to the applicable debt trustee an opinion of counsel addressing specific federal income tax matters relating to the defeasance; and
- Clear Channel delivers to the applicable debt trustee an officers' certificate and an opinion of counsel stating that all conditions to the defeasance and discharge of the debt securities of that series have been complied with.

The applicable debt trustee will hold in trust cash or debt obligations of the United States of America or its agencies or instrumentalities deposited with it as described above and will apply the deposited cash and the proceeds from deposited debt obligations of the United States of America or its agencies or instrumentalities to the payment of principal, premium, and interest with respect to the debt securities of the defeased series.

CONCERNING THE DEBT TRUSTEES

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Clear Channel will identify the debt trustee for the senior debt securities and the debt trustee for the subordinated debt securities in the relevant prospectus supplement. In specific instances, Clear Channel or a bona fide holder of debt securities for at least six months or, at any time, the holders of a majority of the then outstanding principal amount of a series of debt securities issued under an indenture may remove the debt trustee with respect to a series of debt securities (or, in the event of bankruptcy or insolvency of the debt trustee, with respect to all debt securities) and Clear Channel may appoint a successor debt trustee. The debt trustee may become the owner or pledgee of any of the debt securities with the same rights, subject to conflict of interest restrictions, it would have if it were not the debt trustee. The debt trustee and any successor trustee must be a corporation organized and doing business as a commercial bank or trust company under the laws of the United States or of any state thereof, authorized under those laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000 and subject to examination by federal or state authority. Subject to applicable law relating to conflicts of interest, the

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debt trustee may also serve as trustee under other indentures relating to debt securities issued by Clear Channel or its affiliated companies and may engage in commercial transactions with Clear Channel and its affiliated companies. The initial debt trustee under each indenture is The Bank of New York, who currently serves as Clear Channel's transfer agent and registrar for the common stock and is a lender to Clear Channel under its credit facilities.

SENIOR DEBT SECURITIES

In addition to the provisions previously described in this prospectus and applicable to all debt securities, the following description of Clear Channel's senior debt securities summarizes the general terms and provisions of its senior debt securities to which any prospectus supplement may relate. Clear Channel will describe the specific terms of the senior debt securities offered by any prospectus supplement and the extent, if any, to which the general provisions summarized below may apply to any series of its senior debt securities in the prospectus supplement relating to that series.

RANKING OF SENIOR DEBT SECURITIES

Unless we specify otherwise in a prospectus supplement for a particular series of debt securities, all series of senior debt securities will be Clear Channel's senior indebtedness and will be direct, unsecured obligations of Clear Channel ranking equally with all of Clear Channel's other unsecured and unsubordinated indebtedness. Because Clear Channel is a holding company, the debt securities will be effectively subordinated to all existing and future liabilities, including indebtedness, of Clear Channel's subsidiaries. See "Holding Company Structure."

COVENANTS

The senior indenture contains the covenants summarized below, which will be applicable, unless waived or amended, so long as any of the senior debt securities are outstanding, unless stated otherwise in the prospectus supplement.

Limitation on Mortgages. Clear Channel will not, nor will it permit any Restricted Subsidiary to create, assume or incur:

- any Mortgage on any stock or indebtedness of any Restricted Subsidiary to

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secure any Debt of Clear Channel or any other person, other than the senior debt securities; or

- any Mortgage on any Principal Property to secure any Debt of Clear Channel or any other person, other than the senior debt securities,

without making provision for all the outstanding senior debt securities to be secured equally with the Debt.

Any Mortgage on stock or indebtedness of a corporation existing at the time a corporation becomes a Subsidiary or at the time stock or indebtedness of a Subsidiary is acquired, and, with specific exceptions, any extension, renewal or replacement of any Mortgage, will generally be excluded from this restriction.

The following permitted mortgages will be excluded from the restriction referred to in the preceding paragraph:

- any Mortgage on property owned or leased by a corporation existing at the time the corporation becomes a Restricted Subsidiary;
- any Mortgage on property existing at the time of its acquisition or to secure payment of any part of the purchase price thereof or any Debt incurred to finance the purchase thereof;
- any Mortgage on property to secure any part of the cost of development, construction, alteration, repair or improvement of the property, or Debt incurred to finance the cost;
- any Mortgage securing Debt of a Restricted Subsidiary owing to Clear Channel or to another Restricted Subsidiary;

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- any Mortgage existing on the date of the senior indenture;
- any Mortgage on Clear Channel's property or property of a Restricted Subsidiary in favor of the United States of America or any State or political subdivision thereof, or in favor of any other country or any political subdivision thereof, to secure payment pursuant to any contract or statute or to secure any indebtedness incurred for the purpose of financing all or part of the purchase price or the cost of construction or improvement of the property subject to the Mortgage;
- any Mortgage on any property subsequently acquired by Clear Channel or any Restricted Subsidiary, concurrently with the acquisition or within 120 days, to secure or provide for the payment of any part of the purchase price of the property, or any Mortgage assumed by Clear Channel or any Restricted Subsidiary on any property subsequently acquired by Clear Channel or any Restricted Subsidiary which was existing at the time of the acquisition, provided that the amount of any Indebtedness secured by any Mortgage created or assumed does not exceed the cost to Clear Channel or any Restricted Subsidiary of the property covered by the Mortgage; and
- any extension, renewal or replacement of any Mortgage referred to in the previous seven bullet points, provided that the principal amount of Debt secured thereby may not exceed the principal amount of Debt so secured at the time of the extension, renewal or replacement, and provided that the Mortgage must be limited to all or part of the property which secured the Mortgage so extended, renewed or replaced.

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Notwithstanding the above, Clear Channel may, and may permit any Restricted Subsidiary to, create, assume or incur any Mortgage on any Principal Property without equally securing the senior debt securities if the aggregate amount of all Debt then outstanding secured by the Mortgage and all similar Mortgages does not exceed 15% of Clear Channel's total consolidated shareholders' equity, including preferred stock, as shown on the audited consolidated balance sheet contained in its latest annual report to shareholders. However, Debt secured by Permitted Mortgages will not be included in the amount of the secured Debt.

Sale and Leaseback Transactions. Clear Channel will not, nor will it permit any Restricted Subsidiary to, enter into any sale-leaseback transaction providing for the leasing by Clear Channel or a Restricted Subsidiary of any Principal Property, except for temporary leases for a term of not more than three years, which has been or is to be sold or transferred by Clear Channel or the Restricted Subsidiary to a person, unless:

- the sale-leaseback transaction occurs within the later of 120 days from the date of acquisition of the Principal Property or the date of the completion of construction or commencement of full operations on the Principal Property; or
- within 120 days after the sale-leaseback transaction, Clear Channel applies or causes to be applied to the retirement of its Funded Debt or the Funded Debt of any Subsidiary, other than its Funded Debt which is subordinate in right of payment to the senior debt securities, an amount not less than the net proceeds of the sale of the Principal Property.

Notwithstanding the above provisions, Clear Channel may, and may permit any Restricted Subsidiary to, effect any sale-leaseback transaction involving any Principal Property, provided that the net sale proceeds from the sale-leaseback transaction, together with all Debt secured by Mortgages other than Permitted Mortgages, does not exceed 15% of Clear Channel's total consolidated shareholders' equity as shown on the audited consolidated balance sheet contained in Clear Channel's latest annual report to shareholders.

DEFINITIONS

For the purposes of the description of the senior debt securities:

"Debt" means indebtedness for money borrowed.

"Funded Debt" of any person means all indebtedness for borrowed money created, incurred, assumed or guaranteed in any manner by the person, and all indebtedness incurred or assumed by the person in connection with the acquisition of any business, property or asset, which in each case matures more than

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one year after, or which is renewable or extendible or payable out of the proceeds of similar indebtedness incurred pursuant to the terms of any revolving credit agreement or any similar agreement at the option of the person for a period ending more than one year after the date as of which Funded Debt is being determined. However, Funded Debt does not include:

- any indebtedness for the payment, redemption or satisfaction of which money, or evidences of indebtedness, if permitted under the instrument creating or evidencing the indebtedness, in the necessary amount has been irrevocably deposited in trust with a trustee or proper depository either on or before the maturity or redemption date thereof;

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- any indebtedness of the person to any of its Subsidiaries or of any Subsidiary to the person or any other Subsidiary; or
- any indebtedness incurred in connection with the financing of operating, construction or acquisition projects, provided that the recourse for the indebtedness is limited to the assets of the projects.

"Mortgage" means any mortgage, pledge, lien, encumbrance, charge or security interest of any kind.

"Principal Property" means any radio broadcasting, television broadcasting or outdoor advertising property located in the United States owned or leased by Clear Channel or any of its subsidiaries, unless, in the opinion of Clear Channel's Board of Directors, any of the properties are not in the aggregate of material importance to the total business conducted by Clear Channel and its Subsidiaries as an entirety.

"Restricted Subsidiary" means each Subsidiary as of the date of the indenture and each Subsidiary created or acquired after the date of the indenture, unless expressly excluded by resolution of Clear Channel's Board of Directors before, or within 120 days following, the creation or acquisition.

"Subsidiary" means, when used with respect to Clear Channel, any corporation of which a majority of the outstanding voting stock is owned, directly or indirectly, by Clear Channel or by one or more other Subsidiaries, or both.

SUBORDINATED DEBT SECURITIES

In addition to the provisions previously described in this prospectus and applicable to all debt securities, the following description of Clear Channel's subordinated debt securities summarizes the general terms and provisions of its subordinated debt securities to which any prospectus supplement may relate. We will describe the specific terms of Clear Channel's subordinated debt securities offered by any prospectus supplement and the extent, if any, to which the general provisions summarized below may apply to any series of subordinated debt securities in the prospectus supplement relating to that series.

RANKING OF SUBORDINATED DEBT SECURITIES

The subordinated debt securities will be subordinated in right of payment to Clear Channel's other indebtedness to the extent set forth in the applicable prospectus supplement.

The payment of the principal of, premium, if any, and interest on the subordinated debt securities will be subordinated in right of payment to the prior payment in full of all of Clear Channel's senior indebtedness and equally with its trade creditors. Clear Channel may not make payment of principal of, premium, if any, or interest on the subordinated debt securities and may not acquire or make payment on account of any sinking fund for, the subordinated debt securities unless full payment of amounts then due for principal, premium, if any, and interest then due on all senior indebtedness by reason of the maturity thereof has been made or duly provided for in cash or in a manner satisfactory to the holders of the senior indebtedness. In addition, the subordinated indenture provides that if a default has occurred giving the holders of the senior indebtedness the right to accelerate the maturity of that senior indebtedness, or an event has occurred which, with the giving of notice, or lapse of time, or both, would constitute an event of default, then unless and until that event has been cured or waived or has ceased to exist, no payment of principal, premium, if any, or interest on the subordinated debt securities and no acquisition of, or payment on account of a sinking fund for, the subordinated debt securities may be made. Clear Channel will give

prompt written notice to the subordinated trustee of any default under any senior indebtedness or under any agreement pursuant to which senior indebtedness may have been issued. The subordinated indenture provisions described in this paragraph, however, do not prevent Clear Channel from making a sinking fund payment with subordinated debt securities acquired prior to the maturity of senior indebtedness or, in the case of default, prior to the default and notice thereof. Upon any distribution of assets in connection with Clear Channel's dissolution, liquidation or reorganization, all senior indebtedness must be paid in full before the holders of the subordinated debt securities are entitled to any payments whatsoever. As a result of these subordination provisions, in the event of Clear Channel's insolvency, holders of the subordinated debt securities may recover ratably less than Clear Channel's senior creditors.

For purposes of the description of the subordinated debt securities, the term "senior indebtedness" means the principal of and premium, if any, and interest on the following, whether outstanding on the date of execution of the subordinated indenture or incurred or created after the execution:

- Clear Channel's indebtedness for money borrowed by it, including purchase money obligations with an original maturity in excess of one year, or evidenced by securities, other than the subordinated debt securities or junior subordinated debt securities, notes, bankers' acceptances or other corporate debt securities or similar instruments issued by Clear Channel;
- obligations with respect to letters of credit;
- Clear Channel's indebtedness constituting a guarantee of indebtedness of others of the type referred to in the preceding two bullet points; or
- renewals, extensions or refundings of any of the indebtedness referred to in the preceding three bullet points unless, in the case of any particular indebtedness, renewal, extension or refunding, under the express provisions of the instrument creating or evidencing the same, or pursuant to which the same is outstanding, the indebtedness or the renewal, extension or refunding thereof is not superior in right of payment to the subordinated debt securities.

DESCRIPTION OF JUNIOR SUBORDINATED DEBT SECURITIES

The following description of Clear Channel's junior subordinated debt securities summarizes the general terms and provisions of its junior subordinated debt securities to which any prospectus supplement may relate. Clear Channel will describe the specific terms of the junior subordinated debt securities and the extent, if any, to which the general provisions summarized below may apply to any series of its junior subordinated debt securities in the prospectus supplement relating to that series.

Clear Channel may issue its junior subordinated debt securities from time to time, in one or more series under a junior subordinated indenture, between Clear Channel and The Bank of New York, as junior subordinated trustee, or another junior subordinated trustee named in a prospectus supplement. The junior subordinated indenture is governed by New York law. The form of junior subordinated indenture is filed as an exhibit to the registration statement.

GENERAL

The junior subordinated debt securities will be unsecured, junior subordinated obligations of Clear Channel. The junior subordinated indenture does not limit the amount of additional indebtedness Clear Channel or any of its

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subsidiaries may incur. Since Clear Channel is a holding company, Clear Channel's rights and the rights of its creditors, including the holders of junior subordinated debt securities, to participate in the assets of any subsidiary upon the latter's liquidation or recapitalization will be subject to the prior claims of the subsidiary's creditors, except to the extent that Clear Channel may itself be a creditor with recognized claims against the subsidiary.

The junior subordinated indenture does not limit the aggregate principal amount of indebtedness which may be issued thereunder and provides that junior subordinated debt securities may be issued thereunder from time to time in one or more series. The junior subordinated debt securities are issuable in

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one or more series pursuant to a board resolution or an indenture supplemental to the junior subordinated indenture. Clear Channel will issue junior subordinated debt securities from time to time and offer its junior subordinated debt securities on terms determined by market conditions at the time of sale.

In the event junior subordinated debt securities are issued to a Clear Channel Trust or a trustee of a Clear Channel Trust in connection with the issuance of preferred securities by that Clear Channel Trust, the junior subordinated debt securities subsequently may be distributed pro rata to the holders of the preferred securities in connection with the dissolution of the Clear Channel Trust upon the occurrence of the events described in the applicable prospectus supplement. Only one series of junior subordinated debt securities will be issued to a Clear Channel Trust or a trustee of a Clear Channel Trust in connection with the issuance of preferred securities by that Clear Channel Trust.

You should refer to the applicable prospectus supplement for the following terms of the junior subordinated debt securities offered hereby:

- the designation, aggregate principal amount and authorized denominations of the junior subordinated debt securities;
- any limit on the aggregate principal amount of the junior subordinated debt securities;
- the date or dates on which the junior subordinated debt securities will mature;
- the annual interest rate or rates of the junior subordinated debt securities, or the method of determining the rate or rates;
- the date or dates on which any interest will be payable, the date or dates on which payment of any interest will commence and the regular record dates for the interest payment dates;
- the terms of any mandatory or optional redemption, including any provisions for any sinking, purchase or other similar funds or repayment options;
- the currency, currencies or currency units for which the junior subordinated debt securities may be purchased and the currency, currencies or currency units in which the principal, any premium and any interest may be payable;
- if the currency, currencies or currency units for which the junior subordinated debt securities may be purchased or in which the principal, any premium and any interest may be payable is at Clear Channel's election or the purchaser's election, the manner in which the election

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may be made;

- if the amount of payments on the junior subordinated debt securities is determined by an index based on one or more currencies or currency units, changes in the price of one or more securities or changes in the price of one or more commodities, the manner in which the amounts may be determined;
- the extent to which any of the junior subordinated debt securities will be issuable in temporary or permanent global form, or the manner in which any interest payable on a temporary or permanent global security will be paid;
- the terms and conditions upon which the junior subordinated debt securities may be convertible into or exchanged for common stock, preferred stock, or indebtedness or other securities included in this document;
- if the junior subordinated debt securities are to be deposited as trust assets in a Clear Channel Trust, the name of the applicable trust;
- if the junior subordinated debt securities are to have an interest deferral feature, the terms relating to this feature;
- information with respect to book-entry procedures, if any;

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- a discussion of the federal income tax, accounting and other special considerations, procedures and limitations with respect to the junior subordinated debt securities; and
- any other specific terms of the junior subordinated debt securities not inconsistent with the junior subordinated indenture.

If Clear Channel sells any of the junior subordinated debt securities for one or more foreign currencies or foreign currency units or if the principal of, premium, if any, or interest on any series of junior subordinated debt securities will be payable in one or more foreign currencies or foreign currency units, we will describe the restrictions, elections, federal income tax consequences, specific terms and other information with respect to the issue of junior subordinated debt securities and the currencies or currency units in the applicable prospectus supplement.

Unless specified otherwise in the prospectus supplement, the principal of, premium on and interest on the junior subordinated debt securities will be payable, and the junior subordinated debt securities will be transferable, at the corporate trust office of the junior subordinated indenture trustee in New York, New York. However, Clear Channel may make payment of interest at its option by check mailed on or before the payment date to the address of the person entitled to the interest payment as it appears on the registry books of Clear Channel or its agents.

Unless specified otherwise in the prospectus supplement, Clear Channel will issue the junior subordinated debt securities only in fully registered form and in denominations of \$1,000 and any integral multiple of \$1,000. No service charge will be made for any transfer or exchange of any junior subordinated debt securities, but Clear Channel may, except in specific cases not involving any transfer, require payment of a sufficient amount to cover any tax or other governmental charge payable in connection with the transfer or exchange. Unless specified otherwise in the prospectus supplement, Clear Channel will pay

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interest on outstanding junior subordinated debt securities to holders of record on the date 15 days immediately prior to the date the interest is to be paid.

GLOBAL SECURITIES

Clear Channel may issue junior subordinated debt securities of a series in whole or in part in the form of one or more global securities that will be deposited with or on behalf of a depository identified in the prospectus supplement relating to that series. Clear Channel may issue global securities only in fully registered form and in either temporary or permanent form. Unless and until it is exchanged in whole or in part for the individual junior subordinated debt securities represented thereby, a global security may not be transferred except as a whole by the depository for the global security to a nominee of the depository or by a nominee of the depository to the depository or another nominee of the depository or by the depository or any nominee of the depository to a successor or any nominee.

The specific terms of the depository arrangement relating to a series of junior subordinated debt securities will be described in the prospectus supplement relating to that series.

CONSOLIDATION, MERGER, CONVEYANCE OR TRANSFER

The junior subordinated indenture prohibits Clear Channel's consolidation with or merger into any other corporation or the transfer of its properties and assets substantially as an entirety to any person, unless:

- the successor corporation is organized and existing under the laws of the United States, any State thereof or the District of Columbia, and expressly assumes by a supplemental indenture the punctual payment of the principal of, premium on and interest on, all the outstanding junior subordinated debt securities and the performance of every covenant in the junior subordinated indenture to be performed or observed on Clear Channel's part;
- immediately after giving effect to the transaction, no event of default has happened and is continuing; and

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- Clear Channel has delivered to the junior subordinated indenture trustee an officers' certificate and an opinion of counsel, each stating that the consolidation, merger, conveyance or transfer and the supplemental indenture comply with the foregoing provisions relating to the transaction.

In case of any consolidation, merger, conveyance or transfer, the successor corporation will succeed to and be substituted for Clear Channel as obligor on the junior subordinated debt securities, with the same effect as if it had been named as Clear Channel in the junior subordinated indenture. The junior subordinated indenture and the junior subordinated debt securities do not contain any covenants or other provisions designed to protect holders of junior subordinated debt securities in the event of a highly leveraged transaction involving Clear Channel or any subsidiary.

EVENTS OF DEFAULT; WAIVER AND NOTICE OF DEFAULT; JUNIOR SUBORDINATED DEBT SECURITIES IN FOREIGN CURRENCIES

An event of default when used in a junior subordinated indenture will mean any of the following as to any series of junior subordinated debt securities:

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- default for 90 days in payment of any interest on the junior subordinated debt securities;
- default in payment of principal or any premium at maturity;
- default in payment of any sinking or purchase fund or similar obligation;
- default by Clear Channel in the performance of any other covenant or warranty contained in the junior subordinated indenture for the benefit of that series which has not been remedied for a period of 90 days after notice is given; or
- events of Clear Channel's bankruptcy, insolvency and reorganization.

A default under Clear Channel's other indebtedness will not be a default under the junior subordinated indenture and a default under one series of junior subordinated debt securities will not necessarily be a default under another series.

The junior subordinated indenture provides that if an event of default described in the first three bullet points above or under the fourth bullet point above with respect to less than all series of junior subordinated debt securities then outstanding has occurred and is continuing with respect to any series, either the junior subordinated indenture trustee or the holders of not less than 25% in aggregate principal amount of the junior subordinated debt securities of the series then outstanding, each series acting as a separate class, may declare the principal or, in the case of original issue discount securities, the portion specified in the terms thereof, of all outstanding junior subordinated debt securities of that series and the accrued interest to be due and payable immediately. The junior subordinated indenture further provides that if an event of default described in the fifth bullet point above or under the fourth bullet point above with respect to all series of junior subordinated debt securities then outstanding has occurred and is continuing, either the junior subordinated debt trustee or the holders of at least 25% in aggregate principal amount of all junior subordinated debt securities then outstanding, treated as one class, may declare the principal or, in the case of original issue discount securities, the portion specified in the terms thereof, of all junior subordinated debt securities then outstanding and the accrued interest to be due and payable immediately. However, upon certain conditions the declarations may be annulled and past defaults, except for defaults in the payment of principal of, premium on, or interest on, the junior subordinated debt securities and in compliance with certain covenants, may be waived by the holders of a majority in aggregate principal amount of the junior subordinated debt securities of that series then outstanding, subject to the consent of the holders of the preferred securities and the common securities of any Clear Channel Trust as required by its declaration of trust in the event that the junior subordinated debt securities are held as assets of the Clear Channel Trust prior to a security exchange.

When used with respect to the junior subordinated debt securities which are held as trust assets of a Clear Channel Trust pursuant to the declaration of trust of the Clear Channel Trust, the term security exchange means the distribution of the junior subordinated debt securities held by the Clear Channel Trust in exchange for the preferred securities and the common securities of the Clear Channel Trust in dissolution of the Clear Channel Trust pursuant to the declaration of trust of the Clear Channel Trust.

Under the junior subordinated indenture, the junior subordinated indenture trustee must give notice to the holders of each series of junior subordinated

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debt securities of all uncured defaults known to it with respect to that series within 90 days after a default occurs. The term "default" includes the events specified above without notice or grace periods. However, in the case of any default of the type described in the fourth bullet point above, no notice may be given until at least 90 days after the occurrence of the event. The junior subordinated debt trustee will be protected in withholding notice if it in good faith determines that the withholding of notice is in the interests of the holders of the junior subordinated debt securities, except in the case of default in the payment of principal of, premium on, or interest on, any of the junior subordinated debt securities, or default in the payment of any sinking or purchase fund installment or analogous obligations.

No holder of any junior subordinated debt securities of any series may institute any action under either indenture unless:

- the holder has given the junior subordinated indenture trustee written notice of a continuing event of default with respect to that series;
- the holders of not less than 25% in aggregate principal amount of the junior subordinated debt securities of that series then outstanding have requested the junior subordinated indenture trustee to institute proceedings in respect of the event of default;
- the holder or holders have offered the junior subordinated indenture trustee reasonable indemnity as the trustee may require;
- the junior subordinated indenture trustee has failed to institute an action for 60 days after the notice, request and indemnity have been made as described above; and
- no inconsistent direction has been given to the junior subordinated indenture trustee during the 60-day period by the holders of a majority in aggregate principal amount of junior subordinated debt securities of the series then outstanding, subject to the consent of the holders of the preferred securities and the common securities of any Clear Channel Trust as required by its declaration of trust in the event that the junior subordinated debt securities are held as assets of the Clear Channel Trust prior to a security exchange.

The holders of a majority in aggregate principal amount of the junior subordinated debt securities of any series affected and then outstanding, subject to the consent of the holders of the preferred securities and the common securities of any Clear Channel Trust as required by its declaration of trust in the event that the junior subordinated debt securities are held as assets of the Clear Channel Trust prior to a security exchange, will have the right, subject to limitations, to direct the time, method and place of conducting any proceeding for any remedy available to the junior subordinated indenture trustee or exercising any trust or power conferred on the junior subordinated indenture trustee with respect to the series of junior subordinated debt securities. The junior subordinated indenture provides that if an event of default occurs and is continuing, the junior subordinated indenture trustee will be required to use the degree of care of a prudent person in the conduct of the person's own affairs in exercising its rights and powers under the indenture. The junior subordinated indenture further provides that the junior subordinated indenture trustee will not be required to expend or risk its own funds in the performance of any of its duties under the indenture unless it has reasonable grounds for believing that repayment of the funds or adequate indemnity against the risk or liability is reasonably assured to it.

Clear Channel must furnish to the junior subordinated indenture trustee within 120 days after the end of each fiscal year a statement signed by one of its officers to the effect that a review of its activities during the year and

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of its performance under the junior subordinated indenture and the terms of the junior subordinated debt securities has been made, and, to the best of the knowledge of the signatories based on the review, Clear Channel has complied with all conditions and covenants of the indenture through the year or, if Clear Channel is in default, specifying the default.

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If any junior subordinated debt securities are denominated in a currency other than that of the United States, then for the purposes of determining whether the holders of the requisite principal amount of junior subordinated debt securities have taken any action as described in this prospectus, the principal amount of the junior subordinated debt securities will be deemed to be that amount of United States dollars that could be obtained for the principal amount on the basis of the spot rate of exchange into United States dollars for the currency in which the junior subordinated debt securities are denominated as of the date the taking of the action by the holders of the requisite principal amount is evidenced to the junior subordinated indenture trustee as provided in the junior subordinated indenture.

If any junior subordinated debt securities are original issue discount securities, then for the purposes of determining whether the holders of the requisite principal amount of junior subordinated debt securities have taken any action described in this prospectus, the principal amount of the junior subordinated debt securities will be deemed to be the portion of the principal amount that would be due and payable at the time of the taking of the action upon a declaration of acceleration of maturity thereof.

MODIFICATION OF THE JUNIOR SUBORDINATED INDENTURE

The junior subordinated indenture provides that Clear Channel and the junior subordinated indenture trustee may, without the consent of any holders of junior subordinated debt securities, enter into supplemental indentures for the purposes, among other things, of adding to Clear Channel's covenants, adding additional events of default, establishing the form or terms of any series of junior subordinated debt securities or curing ambiguities or inconsistencies in the indenture or making other provisions. However, no supplemental indenture for the purposes identified above may be entered into if to do so would adversely affect the interest of the holders of any series of junior subordinated debt securities.

With specific exceptions, the junior subordinated indenture or the rights of the holders of the junior subordinated debt securities may be modified by Clear Channel and the junior subordinated indenture trustee with the consent of the holders of a majority in aggregate principal amount of the junior subordinated debt securities of each series affected by the modification then outstanding, subject to the consent of the holders of the preferred securities and the common securities of any Clear Channel Trust as required by its declaration of trust in the event that the junior subordinated debt securities are held as assets of the Clear Channel Trust prior to a security exchange, but no modification may be made without the consent of the holder of each outstanding junior subordinated debt security affected, subject to the consent of the holders of the preferred securities and the common securities of any Clear Channel Trust as required by its declaration of trust in the event that the junior subordinated debt securities are held as assets of the Clear Channel Trust prior to a security exchange, which would:

- change the maturity of any payment of principal of, or any premium on, or any installment of interest on any junior subordinated debt security;
- reduce the principal amount of or the interest or any premium on any

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junior subordinated debt security;

- change the method of computing the amount of principal of or interest on any date;
- change any place of payment where, or the currency in which, any junior subordinated debt security or any premium or interest is payable;
- impair the right to sue for the enforcement of any payment on or after the maturity thereof or, in the case of redemption or repayment, on or after the redemption date or the repayment date;
- reduce the percentage in principal amount of the outstanding junior subordinated debt securities of any series where the consent of the holders is required for any modification, or the consent of the holders is required for any waiver of compliance with the provisions of the junior subordinated indenture or specific defaults and their consequences provided for in the indenture; or
- modify any of the provisions of specific sections of the junior subordinated indenture, including the provisions summarized in this section, except to increase any percentage or to provide that other

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provisions of the indenture cannot be modified or waived without the consent of the holder of each outstanding debt security affected thereby.

SATISFACTION AND DISCHARGE OF THE JUNIOR SUBORDINATED INDENTURE; DEFEASANCE

The junior subordinated indenture will generally cease to be of any further effect with respect to a series of junior subordinated debt securities if Clear Channel delivers all junior subordinated debt securities of that series, with limited exceptions, for cancellation to the junior subordinated indenture trustee or all junior subordinated debt securities of that series not previously delivered for cancellation to the junior subordinated indenture trustee have become due and payable or will become due and payable or called for redemption within one year, and Clear Channel has deposited with the junior subordinated indenture trustee as trust funds the entire amount sufficient to pay at maturity or upon redemption all the junior subordinated debt securities, no default with respect to the junior subordinated debt securities has occurred and is continuing on the date of the deposit, and the deposit does not result in a breach or violation of, or default under, the junior subordinated indenture or any other agreement or instrument to which Clear Channel is a party.

Clear Channel has a "legal defeasance option" under which it may terminate, with respect to the junior subordinated debt securities of a particular series, all of its obligations under the junior subordinated debt securities and the junior subordinated indenture. In addition, Clear Channel has a "covenant defeasance option" under which it may terminate, with respect to the junior subordinated debt securities of a particular series, its obligations with respect to the junior subordinated debt securities under specified covenants contained in the junior subordinated indenture. If Clear Channel exercises its legal defeasance option with respect to a series of junior subordinated debt securities, payment of the junior subordinated debt securities may not be accelerated because of an event of default. If Clear Channel exercises its covenant defeasance option with respect to a series of junior subordinated debt securities, payment of the junior subordinated debt securities may not be accelerated because of an event of default related to the specified covenants.

Clear Channel may exercise its legal defeasance option or its covenant defeasance option with respect to the junior subordinated debt securities of a

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series only if:

- Clear Channel deposits in trust with the junior subordinated indenture trustee cash or debt obligations of the United States of America or its agencies or instrumentalities for the payment of principal, premium and interest with respect to the junior subordinated debt securities to maturity or redemption;
- Clear Channel delivers to the junior subordinated indenture trustee a certificate from a nationally recognized firm of independent public accountants expressing their opinion that the payments of principal and interest when due will provide cash sufficient to pay the principal, premium, and interest when due with respect to all the junior subordinated debt securities of that series to maturity or redemption;
- 91 days pass after the deposit is made and during the 91-day period no default described in the fifth bullet point under "-- Events of Default; Waiver and Notice of Default; Junior Subordinated Debt Securities in Foreign Currencies" above with respect to Clear Channel occurs that is continuing at the end of the period;
- no default has occurred and is continuing on the date of the deposit;
- the deposit does not constitute a default under any other agreement binding on Clear Channel;
- Clear Channel delivers to the junior subordinated indenture trustee an opinion of counsel to the effect that the trust resulting from the deposit does not constitute a regulated investment company under the Investment Company Act of 1940;
- Clear Channel has delivered to the junior subordinated indenture trustee an opinion of counsel addressing specific federal income tax matters relating to the defeasance; and

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- Clear Channel delivers to the junior subordinated indenture trustee an officers' certificate and an opinion of counsel stating that all conditions to the defeasance and discharge of the junior subordinated debt securities of that series have been complied with.

The junior subordinated indenture trustee will hold in trust cash or debt obligations of the United States of America or its agencies or instrumentalities deposited with it as described above and will apply the deposited cash and the proceeds from deposited debt obligations of the United States of America or its agencies or instrumentalities to the payment of principal, premium, and interest with respect to the junior subordinated debt securities of the defeased series.

CONCERNING THE JUNIOR SUBORDINATED INDENTURE TRUSTEE

The junior subordinated indenture trustee for the junior subordinated debt securities will be identified in the relevant prospectus supplement. In specific instances, Clear Channel or a bona fide holder of junior subordinated debt securities for at least six months or, at any time, the holders of a majority of the then outstanding principal amount of a series of junior subordinated debt securities issued under the junior subordinated indenture may remove the junior subordinated indenture trustee with respect to a series of junior subordinated debt securities (or, in the event of bankruptcy or insolvency of the junior subordinated indenture trustee, with respect to all junior subordinated debt securities) and Clear Channel may appoint a successor junior subordinated indenture trustee. The junior subordinated indenture trustee may become the

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owner or pledgee of any of the junior subordinated debt securities with the same rights, subject to conflict of interest restrictions, it would have if it were not the junior subordinated indenture trustee. The junior subordinated indenture trustee and any successor trustee must be a corporation organized and doing business as a commercial bank or trust company under the laws of the United States or of any state thereof, authorized under those laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000 and subject to examination by federal or state authority. Subject to applicable law relating to conflicts of interest, the junior subordinated indenture trustee may also serve as trustee under other indentures relating to debt securities or junior subordinated debt securities issued by Clear Channel or its affiliated companies and may engage in commercial transactions with Clear Channel and its affiliated companies. The initial junior subordinated indenture trustee under the junior subordinated indenture is The Bank of New York, who currently serves as Clear Channel's transfer agent and registrar for the common stock and is a lender to Clear Channel under its credit facilities.

CERTAIN COVENANTS OF CLEAR CHANNEL APPLICABLE TO THE JUNIOR SUBORDINATED DEBT SECURITIES

If junior subordinated debt securities are issued to a Clear Channel Trust in connection with the issuance of preferred securities by the Clear Channel Trust, Clear Channel covenants in the junior subordinated indenture that, so long as the preferred securities of the Clear Channel Trust remain outstanding, Clear Channel will not declare or pay any dividends on, or redeem, purchase, acquire or make a distribution or liquidation payment with respect to, any common stock or preferred stock or make any guarantee payments with respect thereto if at the time:

- Clear Channel will be in default with respect to its guarantee payments or other payment obligations under the related guarantee;
- an event of default with respect to the junior subordinated debt securities has occurred; or
- Clear Channel has given notice of its election to defer payments of interest on the junior subordinated debt securities by extending the interest payment period as provided in the terms of the junior subordinated debt securities and the period, or any extension thereof, is continuing.

However, the foregoing restrictions will not apply to:

- dividends, redemptions, purchases, acquisitions, distributions or payments made by Clear Channel by way of issuance of shares of its capital stock;
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- any declaration of a dividend under a shareholder rights plan or in connection with the implementation of a shareholder rights plan, the issuance of Clear Channel's capital stock under a shareholder rights plan or the redemption or repurchase of any right distributed pursuant to a shareholder rights plan;
 - payments of accrued dividends by Clear Channel upon the redemption, exchange or conversion of any preferred stock as may be outstanding from time to time in accordance with the terms of the preferred stock;
 - cash payments made by Clear Channel in lieu of delivering fractional shares upon the redemption, exchange or conversion of any preferred stock

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as may be outstanding from time to time in accordance with the terms of the preferred stock;

- payments under the guarantees; or
- purchases of common stock related to the issuance of common stock or rights under any of Clear Channel's benefit plans for its directors, officers or employees, or related to the issuance of common stock or rights under a dividend reinvestment and stock purchase plan.

In addition, if junior subordinated debt securities are issued to a Clear Channel Trust in connection with the issuance of preferred securities by the Clear Channel Trust, for so long as the preferred securities of the Clear Channel Trust remain outstanding, Clear Channel has agreed:

- to remain the sole direct or indirect owner of all the outstanding common securities issued by the Clear Channel Trust and not to cause or permit the common securities to be transferred except to the extent permitted by the declaration of the Clear Channel Trust; provided that any of Clear Channel's permitted successors under the junior subordinated indenture may succeed to Clear Channel's ownership of the common securities; and
- to use reasonable efforts to cause the Clear Channel Trust to continue to be treated as a grantor trust for federal income tax purposes, except in connection with a distribution of junior subordinated debt securities.

SUBORDINATION

The junior subordinated debt securities will be subordinated and junior in right of payment to Clear Channel's other indebtedness to the extent set forth in the applicable prospectus supplement.

The payment of the principal of, premium, if any, and interest on the junior subordinated debt securities will be subordinated in right of payment to the prior payment in full of all of Clear Channel's senior indebtedness and will rank equally with its trade creditors. No payment on account of principal of, premium, if any, or interest on the junior subordinated debt securities and no acquisition of, or payment on account of any sinking fund for, the junior subordinated debt securities may be made unless full payment of amounts then due for principal, premium, if any, and interest then due on all senior indebtedness by reason of the maturity thereof, by lapse of time, acceleration or otherwise, has been made or duly provided for in cash or in a manner satisfactory to the holders of the senior indebtedness. In addition, the junior subordinated indenture provides that if a default has occurred giving the holders of the senior indebtedness the right to accelerate the maturity thereof, or an event has occurred which, with the giving of notice, or lapse of time, or both, would constitute an event of default, then unless and until that event has been cured or waived or has ceased to exist, no payment on account of principal, premium, if any, or interest on the junior subordinated debt securities and no acquisition of, or payment on account of a sinking fund for, the junior subordinated debt securities may be made. Clear Channel will give prompt written notice to the junior subordinated indenture trustee of any default under any senior indebtedness or under any agreement pursuant to which senior indebtedness may have been issued. The junior subordinated indenture provisions described in this paragraph, however, do not prevent Clear Channel from making a sinking fund payment with junior subordinated debt securities acquired prior to the maturity of senior indebtedness or, in the case of default, prior to the default and notice thereof. Upon any distribution of Clear Channel's assets in

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connection with its dissolution, liquidation or reorganization, all senior indebtedness must be paid in full before the holders of the junior subordinated debt securities are entitled to any payments whatsoever. As a result of these subordination provisions, in the event of Clear Channel's insolvency, holders of the junior subordinated debt securities may recover ratably less than Clear Channel's senior creditors.

For purposes of the description of the junior subordinated debt securities, the term senior indebtedness means the principal of and premium, if any, and interest on the following, whether outstanding on the date of execution of the junior subordinated indenture or incurred or created after the execution:

- Clear Channel's indebtedness for money borrowed by it, including purchase money obligations with an original maturity in excess of one year, or evidenced by securities, notes, bankers' acceptances or other corporate debt securities or similar instruments issued by Clear Channel other than the junior subordinated debt securities;
- obligations with respect to letters of credit;
- Clear Channel's indebtedness constituting a guarantee of indebtedness of others of the type referred to in the preceding two bullet points; or
- renewals, extensions or refundings of any of the indebtedness referred to in the preceding three bullet points unless, in the case of any particular indebtedness, renewal, extension or refunding, under the express provisions of the instrument creating or evidencing the same, or pursuant to which the same is outstanding, the indebtedness or the renewal, extension or refunding thereof is not superior in right of payment to the junior subordinated debt securities.

DESCRIPTION OF PREFERRED STOCK

Clear Channel's board of directors may issue up to 2,000,000 shares of Class A preferred stock and up to 8,000,000 shares of Class B preferred stock. Either class of preferred stock may be issued in one or more series, and the rights, preferences, privileges and qualifications of the preferred stock may be fixed by the board of directors without any further vote or action by the shareholders. However, shares of Class B preferred stock will not be entitled to more than one vote per share when the shares are voted as a class with common shareholders. In addition, the board of directors and management of Clear Channel have undertaken not to issue, without prior shareholder approval, Class B preferred stock:

- for any defensive or anti-takeover purpose;
- to implement any shareholders' rights plan; or
- with features intended to make any attempted acquisition of Clear Channel more difficult or costly.

However, the restrictions do not apply to the 2,000,000 shares of Class A preferred stock which are currently authorized.

The issuance of either class of preferred stock could decrease the amount of earnings and assets available for distribution to common shareholders. In addition, the issuance of either class of preferred stock could adversely affect the rights and powers, including voting rights, of common shareholders and may have the effect of delaying, deferring or preventing a change in control of Clear Channel. No shares of either class of preferred stock have ever been issued. The particular terms of any series of preferred stock will be described in the applicable prospectus supplement.

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DESCRIPTION OF COMMON STOCK

Clear Channel's board of directors has the authority to issue up to 1,500,000,000 shares of common stock. As of September 30, 2003, 615,300,743 shares of common stock were outstanding. Common shareholders are entitled to one vote per share on all matters submitted to a vote of shareholders. In addition, common shareholders may receive dividends, if any, on a pro rata basis that may be declared from time to time by the board of directors from legally available funds. However, the payment of any

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dividends on shares of common stock would be subject to the payment of any preferential dividends on any preferred stock that may be outstanding. Upon liquidation, dissolution or winding up of Clear Channel, common shareholders are entitled to share ratably in any assets available for distribution to shareholders after payment of all Clear Channel's obligations and all preferential distributions payable of the holders of any shares of preferred stock then outstanding.

Common shareholders do not have cumulative voting rights or preemptive or other rights to acquire or subscribe to additional, unissued or treasury shares. The shares of common stock currently outstanding are, and the shares of common stock offered hereby will be, upon issuance thereof, validly issued, fully paid and nonassessable.

REPURCHASE AGREEMENT

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

SHAREHOLDERS AGREEMENT

In October 1999, Thomas O. Hicks and seven entities affiliated with Hicks, Muse, Tate & Furst Incorporated (referred to as the Hicks Muse shareholders) entered into a Shareholders Agreement with L. Lowry Mays and 4-M Partners, Ltd. (referred to as the L. Mays shareholders), as well as Clear Channel. The Shareholders Agreement imposes standstill and transfer restrictions on the shareholders and obligates the Hicks Muse shareholders to take various actions regarding regulatory approvals. Generally, the applicability of a standstill or

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transfer restriction can be waived with respect to the Hicks Muse shareholders if a majority of the independent Clear Channel directors approve the proposed action. Similarly, the applicability of a standstill or transfer restriction can be waived with respect to the L. Mays shareholders if a majority of the entire Clear Channel board (not including L. Lowry Mays, if applicable) approve the proposed action.

The Shareholders Agreement imposes standstill restrictions on the Hicks Muse shareholders and the L. Mays shareholders regarding their acquisition of Clear Channel voting securities and their rights to initiate and participate in business combination transactions, tender and exchange offers, and proxy or consent solicitations. In general, pursuant to the standstill restrictions, the Hicks Muse shareholders on the one hand and the L. Mays shareholders on the other hand agreed not to, directly or indirectly:

- beneficially own, in the aggregate, an amount of Clear Channel voting securities exceeding 20% of the total Clear Channel voting securities outstanding at any time;
- acquire or attempt to acquire assets of Clear Channel or its subsidiaries;

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- carry out or participate in a solicitation of proxies or consents or initiate any shareholder proposal or election contest with respect to voting securities of Clear Channel or its subsidiaries;
- take action to convene a Clear Channel shareholders' meeting or effect a written consent action by Clear Channel shareholders;
- commence or participate in a tender or exchange offer for Clear Channel voting securities or any business combination transaction involving Clear Channel, except for several specified situations;
- request or solicit any third party to make a tender or exchange offer for Clear Channel voting securities or a business combination transaction involving Clear Channel;
- make a proposal to the Clear Channel board to effect a business combination transaction;
- except with respect to bona fide estate planning activities, deposit Clear Channel voting securities into a voting trust or subject Clear Channel voting securities to voting agreements, or grant a proxy with respect to Clear Channel voting securities to any person not designated by the Clear Channel board;
- form, join or participate in a "group" as defined in Section 13(d)(3) of the Exchange Act for the purpose of taking any action restricted or prohibited under the Shareholders Agreement;
- disclose publicly any intention, plan or arrangement inconsistent with standstill agreements or other provisions of the Shareholders Agreement; or
- discuss, negotiate or make arrangements with a third party or advise, aid, abet, solicit, induce, encourage, or provide financing for any action restricted by the Shareholders Agreement.

The above restrictions do not apply to actions taken by L. Lowry Mays in

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his capacity as an officer or director of Clear Channel.

For purposes of the Shareholders Agreement, voting securities include Clear Channel common stock and other Clear Channel securities entitled to vote, in addition to options, rights, warrants and other securities convertible into or exercisable for Clear Channel common stock or other securities entitled to vote in an election of directors.

In addition to the standstill restrictions, the Shareholders Agreement imposes restrictions on dispositions of Clear Channel voting securities by the Hicks Muse shareholders and the L. Mays shareholders. Neither the Hicks Muse shareholders and their affiliates nor the L. Mays shareholders may sell Clear Channel voting securities to a third party who would beneficially own after the sale more than 20% of the outstanding Clear Channel voting securities, except:

- with the approval of the requisite number of Clear Channel directors;
- in connection with a tender or exchange offer or business combination transaction recommended by the requisite number of Clear Channel directors;
- in connection with a tender or exchange offer that is accepted by a majority of the holders of the Clear Channel voting securities subject to the tender or exchange offer, excluding the shareholders who are party to the Shareholders Agreement and their affiliates; or
- if the transfer occurs by operation of law in connection with a business combination transaction.

The Hicks Muse shareholders also agreed that, with respect to dividends or distributions of equity interests of any Hicks Muse shareholder that is a corporation, partnership or other entity, the Hicks Muse shareholder will notify Clear Channel at least ten days before effecting the dividend or distribution.

The agreement also provides that, with respect to votes by all security holders or votes with respect to which security holders have votes entitled to be counted separately as a class, the number of shares that any Hicks Muse or L. Mays shareholder will be entitled to vote in its sole discretion will not exceed one

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vote fewer than 20% of the aggregate number of votes entitled to vote, less the number of shares entitled to be cast by the remaining Hicks Muse or L. Mays shareholders, respectively.

The Hicks Muse shareholders also agreed that they and their affiliates will divest assets, terminate existing relationships and contractual arrangements and take other actions, as necessary to prevent interests in other media-related ventures held by the Hicks Muse shareholders and their affiliates from hindering Clear Channel's future acquisitions of additional media holdings and pursuit of media-related relationships and activities. However, Clear Channel has agreed that these obligations do not require divestiture of various designated assets then held by the Hicks Muse shareholders and their affiliates, nor do the obligations require divestiture of assets other than radio and television assets located in the U.S. and outdoor advertising located anywhere in the world but South America. These obligations continue until interests in other media-related ventures held by the Hicks Muse shareholders and their affiliates are not attributable to Clear Channel under the rules and regulations of the Federal Communications Commission, any antitrust agency or any other governmental authority.

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Except for the Hicks Muse shareholders' obligations to take various actions regarding regulatory approvals, the Shareholders Agreement will terminate on August 30, 2005, upon agreement of the parties to the Shareholders Agreement, or upon a person or group unaffiliated with the Hicks Muse or L. Mays shareholders owning more than 50% of Clear Channel's voting securities, whichever occurs first. Prior to termination, the Shareholders Agreement will continue in effect following any offering in this prospectus and may preserve the control of the present principal shareholders.

TEXAS BUSINESS COMBINATION LAW

Clear Channel is governed by the provisions of the Texas Business Corporation Act. The act imposes a special voting requirement for the approval of specific business combinations and related party transactions between public corporations and affiliated shareholders unless the board of directors of the corporation approves the transaction or the acquisition of shares by the affiliated shareholder prior to the affiliate shareholder becoming an affiliated shareholder. The act prohibits specific mergers, sales of assets, reclassifications and other transactions between shareholders beneficially owning 20% or more of the outstanding stock of a Texas public corporation for a period of three years following the shareholder acquiring shares representing 20% or more of the corporation's voting power unless two-thirds of the unaffiliated shareholders approve the transaction at a meeting held no earlier than six months after the shareholder acquires that ownership. A vote of shareholders is not necessary if the board of directors approves the transaction or approves the purchase of shares by the affiliated shareholder before the affiliated shareholder acquires beneficial ownership of 20% of the shares, or if the affiliated shareholder was an affili