



.



---BEGIN PRIVACY-ENHANCED MESSAGE-----

Proc-Type: 2001, MIC-CLEAR  
Originator-Name: webmaster@wwu.sec.gov  
Originator-Key-Asymmetric:  
MFgwCgYEVQgBAQICAF8DSgARwJAW2sNKK9AVtBzYZmr6aGj1WyK3Xm2v3dTIEn  
TWSM7vrzLADbmYQaionwg5sDW3P6oaM5D3tdezXMm7z1T+B+twIDAQAB  
MIC-Info: RSA-MD5, RSA,  
PeCZxrbVoXmch19hlo4C3OVSh9fcqNB2I5lxGSTph3Lto8/lnBiqxcXJ055OaUst  
WTSB85Ewk85Cqdl0tRW6g==

<SEC-DOCUMENT>0000739708-96-000005.txt : 19960401  
<SEC-HEADER>0000739708-96-000005.hdr.sgml : 19960401  
ACCESSION NUMBER: 0000739708-96-000005  
CONFORMED SUBMISSION TYPE: 10-K  
PUBLIC DOCUMENT COUNT: 2  
CONFORMED PERIOD OF REPORT: 19951231  
FILED AS OF DATE: 19960329  
SROS: NONE

FILER:

COMPANY DATA:

COMPANY CONFORMED NAME:	CLEAR CHANNEL COMMUNICATIONS INC
CENTRAL INDEX KEY:	0000139108
STANDARD INDUSTRIAL CLASSIFICATION:	RADIO BROADCASTING STATIONS [4832]
IRS NUMBER:	141787539
STATE OF INCORPORATION:	TX
FISCAL YEAR END:	1231

FILING VALUES:

FORM TYPE:	10-K
SEC ACT:	1934 Act
SEC FILE NUMBER:	001-09645
FILM NUMBER:	96541376

BUSINESS ADDRESS:

STREET 1:	200 CONCORD PLAZA
STREET 2:	SUITE 600
CITY:	SAN ANTONIO
STATE:	TX
ZIP:	18216
BUSINESS PHONE:	2108222828

MAIL ADDRESS:

STREET 2:	200 CONCORD PLAZA SUITE 600
CITY:	SAN ANTONIO
STATE:	TX
ZIP:	18216

</SEC-HEADER>  
(DOCUMENT)  
<TYPE>10-K  
<SEQUENCE>1  
<TEXT>

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

FORM 10-K  
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31,  
1995 Commission file number 1-9645  
CLEAR CHANNEL COMMUNICATIONS, INC.  
(Exact name of registrant as Specified in its charter)

Texas	74-1787539
(State of Incorporation)	(I.R.S. Employer Identification No.)
200 Concord Plaza, Suite 600	
San Antonio, Texas	78216
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code: (210) 822-2828

Securities Registered Pursuant to Section 12(b) of the Act:  
Title of each class Name of Exchange on which registered  
Common Stock 5.10 par value New York Stock Exchange

duopoly and 100 percent foreign ownership, the Company recognized that It might provide attractive returns on investments. To chat end, your company Continues to be opportunistic, rather than expansionary, when evaluating acquisitions in global markets.

The pro forma results for 100% of ARN, after station divestitures, for the year ended December 31, 1995 are detailed below. At February 29, 1996, the foreign currency exchange rate was US \$1 = A \$1.31.

Revenues	AS	83,242,000
Operating expenses	AS	55,948,000
Station operating income before depreciation and amortization	AS	21,294,000
Corporate/other	AS	2,765,000
EBITDA	A\$	24,529,000

Expansion within the United States

Heftel Broadcasting Corporation

In May Of 1995, the opportunity to acquire a significant interest in the largest Spanish-language broadcasting company in the United States. Heftel Broadcasting Corporation, became available and the Company took a 21.4 percent equity position in Heftel's publicly-traded Class A common stock. Heftel's stock is traded on the NASCAP under the symbol HBCA.

Strategically, this acquisition positions the company in the attractive and rapidly growing Spanish-language broadcasting niche. Because the Hispanic population is the fastest growing population segment in the United States and because fewer stations per capita target the Spanish-language market, the Company believes that Spanish-language broadcasting is an attractive, long-term growth industry. Due to the fact that Well-established market positions held by existing radio Stations make it difficult to start new Spanish-language Stations, the company opted to invest in an established Spanish-language broadcaster. Consistent with the Company's own long-term Strategy to dominate its markets, Heftel's strategy is to become the dominant Spanish-language broadcaster in the U.S. Heftel should benefit from the increased consolidation of the Spanish-language niche made possible by the Telecommunications Act Of 1996. The Company's initial investment in Heftel in May of 1995 has more than doubled in value and we look forward to increased growth in this investment.

US Radio, Inc.

In March of 1996, the Company entered into a definitive agreement to acquire US Radio, Inc. for \$140 million. US Radio owns and/or operates 13 FM and 5 AM Stations in eight markets in the U.S. This transaction will expand our broadcasting presence in some of our existing markets and give the Company an excellent foundation in other market3 from which it can continue to grow.

Oklahoma City

We believe we have an obligation to the well-being of the communities in which we work. We further believe the future of the Company's core businesses is closely tied to public service and that the standards we set will be measured closely by the communities we serve and the regulators who license us.

Clear Channel's involvement in an event that challenged the entire nation's belief in the good of humanity, the April 19, 1995 bombing Of the Alfred P. Murrah federal building in Oklahoma

a



HBC 053818

# Agenda



**Welcome**

**Jim Kuster**  
**Chase Securities Inc.**

**Introduction**

**Randall Mays, Clear Channel**

**Hispanic Market**

**Randall Mays, Clear Channel**

**New Hefel**

**Jeff Hinson, Hefel Broadcasting**

**Financial Overview**

**Jeff Hinson, Hefel Broadcasting**

**Senior Secured Credit Facilities**

**Patricia Deans**  
**Chase Securities Inc.**

**Questions & Answers**

# Recent History



- ◆ May 1995
- ◆ Clear Channel Acquires 20% Heftel Stake
- ◆ June 1996
- ◆ Clear Channel Tender for Additional 43% of Heftel
- ◆ July 1996
- ◆ Heftel-Tichenor Merger Agreement Announced
- ◆ February 1997
- ◆ Anticipated Merger Closing

# The Largest and Most Successful Spanish Radio Broadcaster



- ◆ New Heftel pro forma 1996 revenues approximate \$120 million
- ◆ Combined revenues of the next 9 largest Spanish radio broadcasters approximate \$100 million
- Only Spanish radio broadcaster to operate stations in each of the top ten Hispanic markets
- ◆ Operates the number one Spanish station in nine markets
- ◆ Operates the number one station in any format in four markets



# Tichenor Merger Overview

- ◆ Acquiring top Hispanic broadcaster with superior management
- ◆ Stock merger. Heftel to issue 5.69 million shares and assume approximately \$74 million in debt
- ◆ Estimated completion date February 1997
- ◆ FCC and DOJ approvals received
- ◆ Clear Channel to convert to non-voting stock with option to convert back to voting stock



# Stable, Experienced Management

- ◆ Tichenor Management
  - ◆ Spanish radio operator since 1951
  - ◆ Combined 72 years experience
  - ◆ 27% ownership
  - ◆ Tichenor same station radio revenues grow faster than the market growth
  - ◆ Extensive start-up experience
  - ◆ Low turnover in station general managers
  - ◆ Low corporate overhead
  
- ◆ Clear Channel
  - ◆ Largest Heftel owner - 33%

# Investment Highlights



- Approximately **465** Spanish language stations nationwide versus 12,000 total
- 5.3% of Spanish listening and only 2.9% of radio advertising revenues



# HISPANIC MARKET: LARGE AND GROWING

HBC 053025

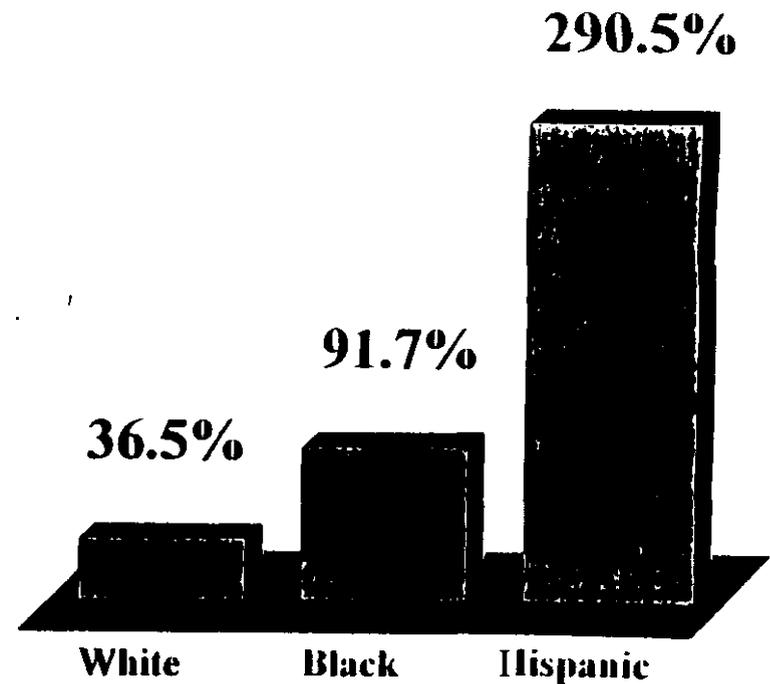
# Hispanic Market is Growing Five Times Faster Than the Total U.S. Population



- ◆ Projected 31 million people by 2000
- ◆ Estimated 27% of the total population of the top ten Hispanic markets by 2000
- ◆ Hispanic Persons 12+ grew 3.5% in 1996 in the top ten Hispanic markets vs. -0.1% for Non-Hispanics

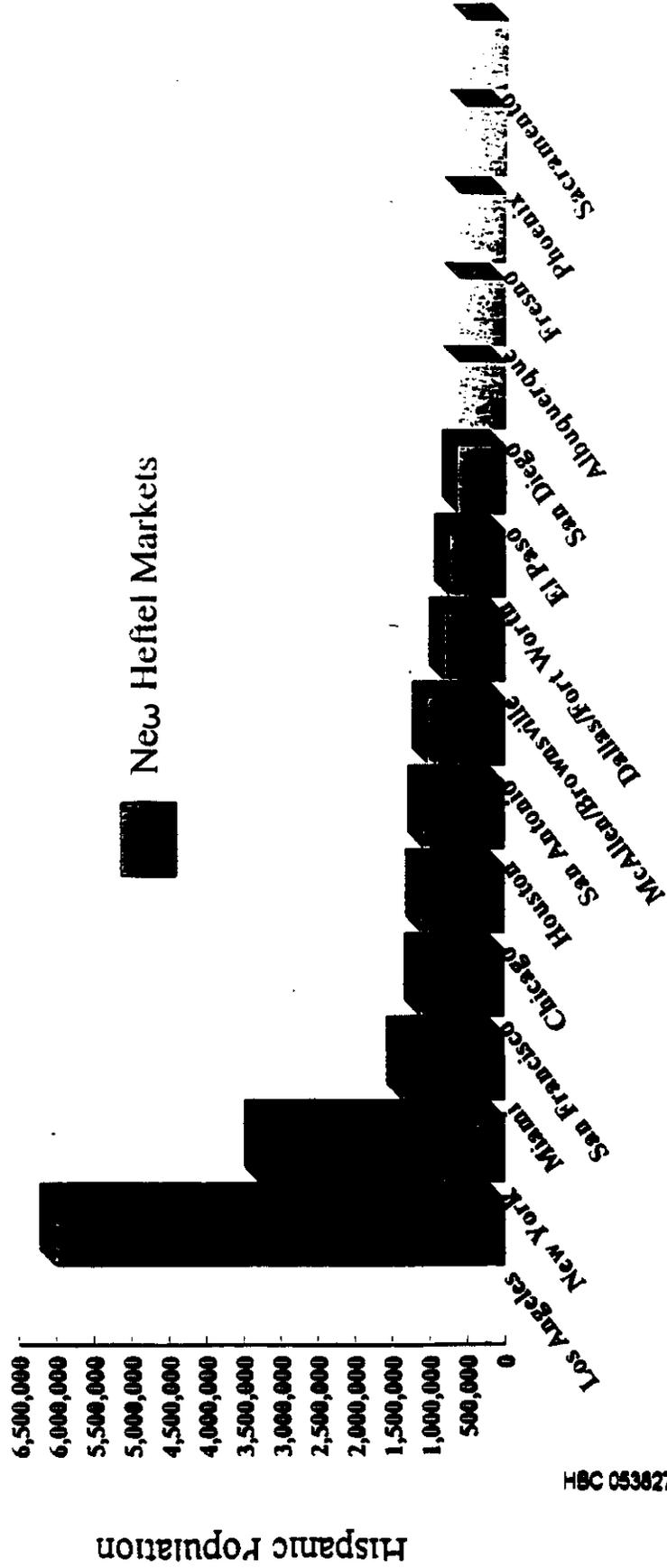
HBC E-126

Estimated Population Growth Rates  
1990-2050



Source: US Bureau of the Census.  
Source: Market Statistics, Arbitron Radio Metros, January 1, 1996 - January 1, 1997

# 63% of the U.S. Hispanic Population Live in New Heftel's Markets



- ◆ 74% of the U.S. Hispanic population live in the top 15 Hispanic markets
- ◆ 85% of the U.S. Hispanic population live in the top 30 Hispanic markets

Source: 1996 Strategy Research Corporation.

**"The Franchise" Number One Spanish Language  
Stations in Nine Out of Top Ten Hispanic Markets**



**KLVE-FM**

**KXTN-FM**

**KLTN-FM**

**KIWW-FM**

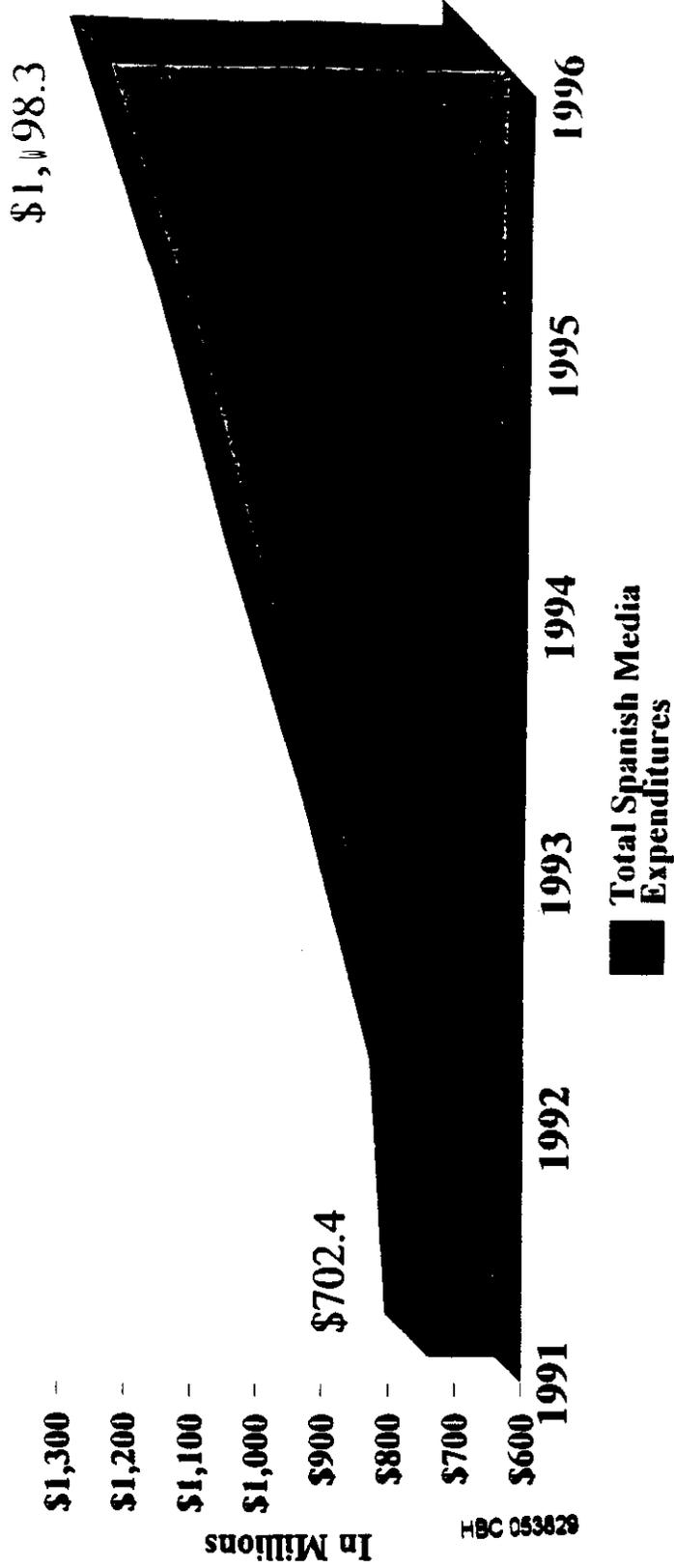
**WAMR-FM**

HBC 053828

# Spanish Advertising Expenditures are Growing



Total Spanish Media Expenditures



Source: Hispanic Business Magazine (as reported).



# HISPANIC MARKET IS UNDERSERVED

HBC053830



# Significant Upside Potential of Hispanic Ad Market

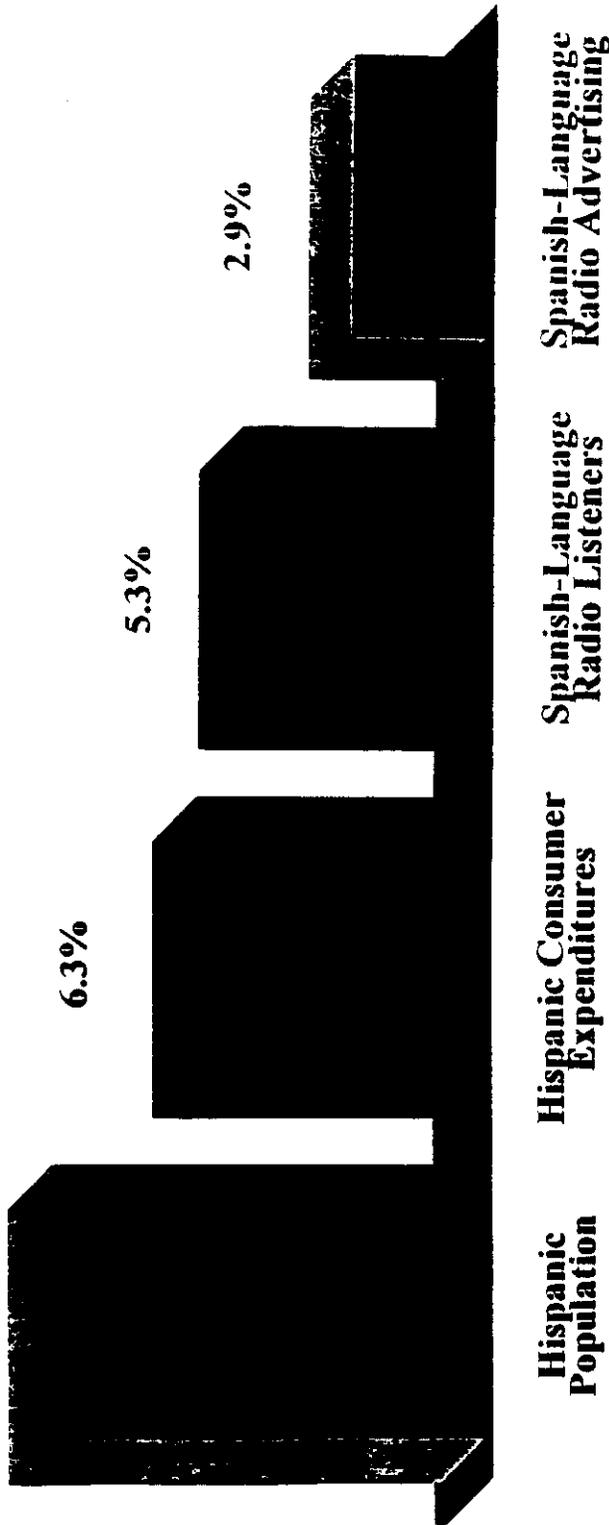
All data as a % of Total U.S.

9.5%

6.3%

5.3%

2.9%



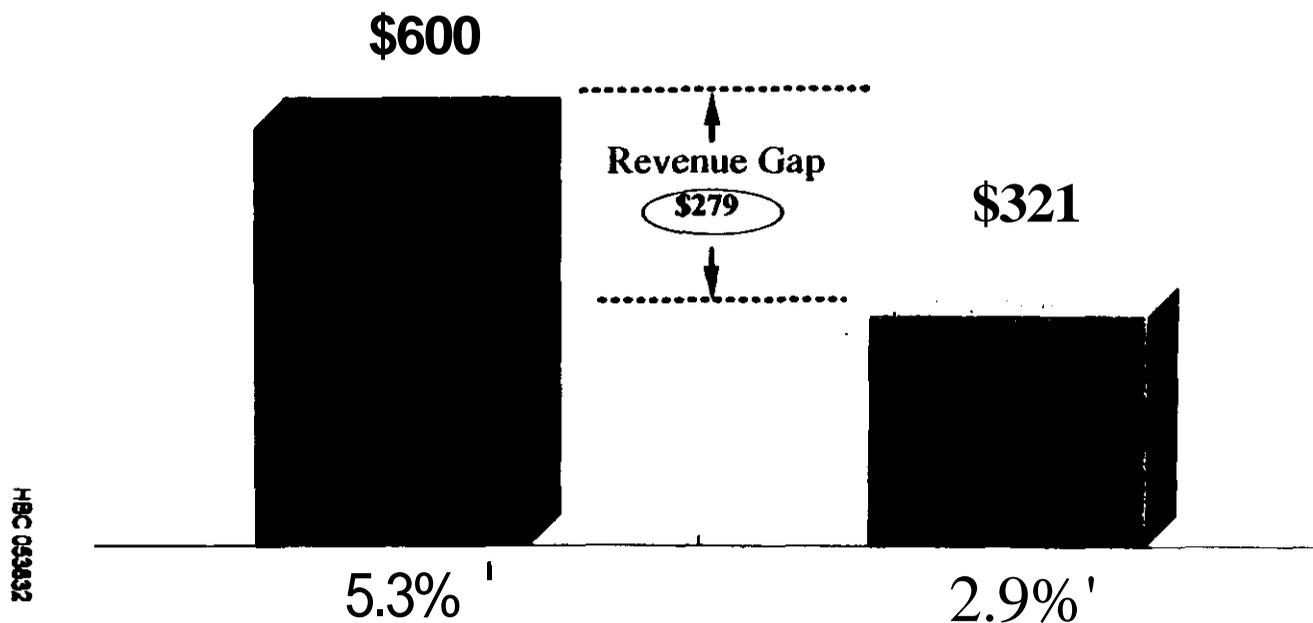
HBC 053831

Source: Alex Brown; Hispanic Business Magazine; US Bureau of Census.



# Spanish Radio Industry Revenue Potential

(Dollars in millions)



Source: Alex Brown, Hispanic Business Magazine; Veronis Suhler & Associates. Katz Hispanic Media.

1. Estimated Spanish radio industry revenue share assuming revenue share equaled audience share.

2. Estimated revenue share of all Spanish radio stations - 1995.

# **U.S. Hispanics Continue to Favor Spanish Language Media**



- ◆ Preservation of cultural identity
- ◆ Geographic concentration of Hispanics
- ◆ Continued immigration
- ◆ Continued contact with countries of origin
- ◆ Proliferation of Spanish language media
- ◆ Radio can adapt its formats to meet the changing needs of the Hispanic community



# NEW HEFTTEL

HBC 053834

# New Heftel is Strategically Well Positioned



- ◆ Only radio broadcaster to deliver the top ten Hispanic markets - 63% of the U.S. Hispanic population live in New Heftel's Markets
- ◆ Stable, experienced management with proven value creation track record
- ◆ Opportunity to be leading consolidator of Spanish radio
- ◆ Opportunity to introduce new Spanish formats in top ten Hispanic markets

# Nine Number One Spanish Language Stations



<u>Hispanic Market Rank</u> <sup>1</sup>	<u>Hispanic Markets</u>	<u>Number One Spanish Stations</u>
1	Los Angeles	KLVE-FM
2	New York	WJLA-TV
3	Miami	WAMR-FM
4	San Francisco	KSOL/KZOL-FM
5	Chicago	WOJO-FM
6	Houston	KLTN-FM
7	San Antonio	KXTN-AM/FM
8	McAllen/Brownsville/Harlingen	KIWW-FM
9	Dallas	KESS-AM
10	El Paso	KBNA-AM/FM

HBC 033339

Source: Arbitron, 1996 Summer Book, Adults 25-54

1. 1996 Strategy Research Corporation.

2. Station owned by a competitor.

3. Based on 1996 Fall Book, Adults 25-54.

4. Also includes simulcast with KLTO / KLTP-FM.

# Four Number One Stations in Any Format



Hispanic  
Market

**Rank** **Hispanic Market**

Stations

1 Los Angeles

KLVE-FM

7 San Antonio

KXTN-AM/FM

8 McAllen/ Brownsville/ Harlingen

KIWW-FM

10 El Paso

KBNA-AM/FM

HBC 05937

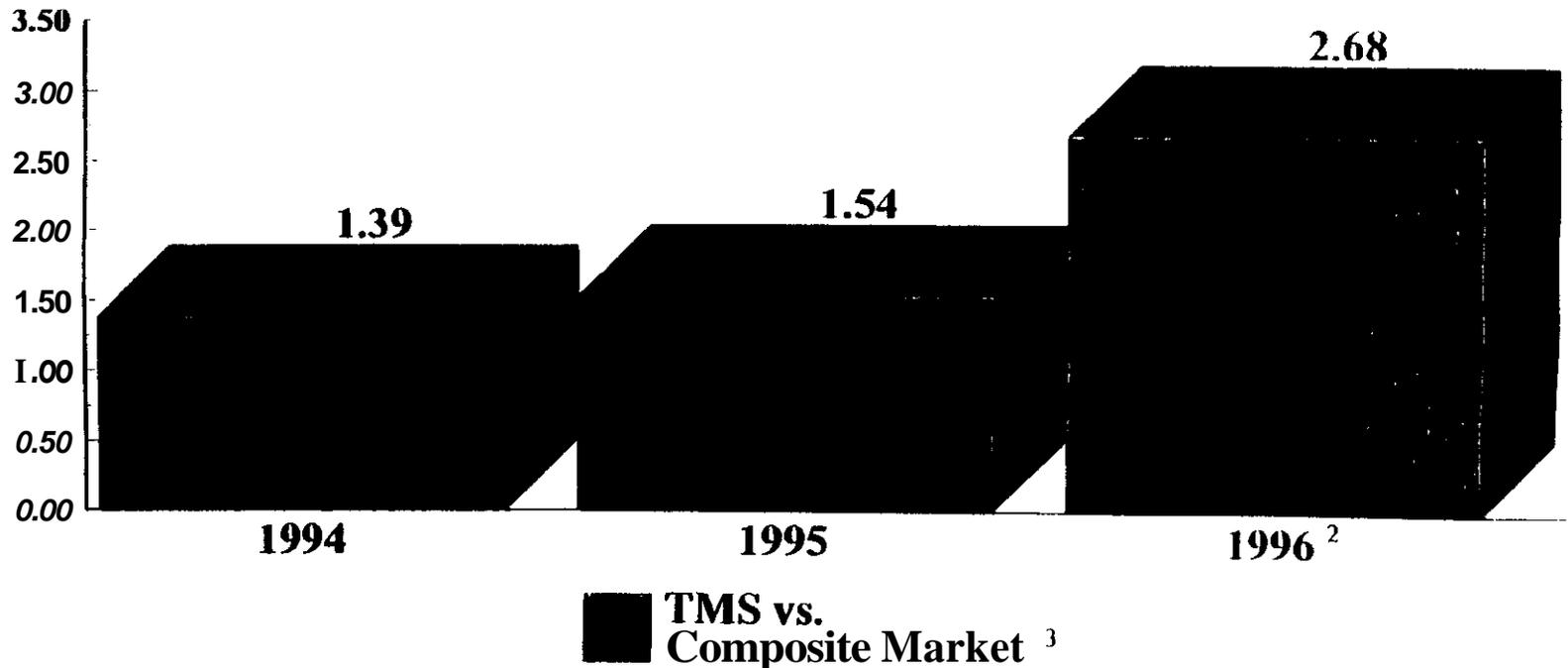
- No other Spanish radio operator currently operates the number one general market station in any of the top ten Hispanic markets

Source: Arbitron, 1996 Summer Book, Adults 25-54  
© 1996 Strategy Research Corporation.

# Tichenor Same Station Radio Revenues is Faster Than the Market Growth<sup>1</sup>



## Station Revenue Growth Indexed Against Radio Market Revenue Growth



1. Market growth is based on the growth rates achieved in company's broadcast markets.

2. For the nine months ended September 30, 1996.

3. Composite of Tichenor's markets including general market stations.



## Tichenor Start-up Experience

- ◆ Start-up Strategy
  - ◆ Entrench and grow franchise position
  - ◆ Develop underserved markets
  
- ◆ 9 out of 20 Tichenor Stations were start-ups
  
- ◆ Proven ability to successfully convert stations to Spanish language formats



# Current Start-Up Stations

<b>Hispanic Market Rank</b>	<b>Hispanic Market</b>	<b>Station</b>	<b>Start-up Commencement Date</b>
<b>1</b>	<b>Los Angeles</b>	<b>KSCA-FM</b>	<b>41-97</b>
<b>2</b>	<b>New York</b>	<b>WPAT-AM</b>	<b>Q1-97</b>
<b>4</b>	<b>San Francisco</b>	<b>KSOL/KZOL-FM</b>	<b>43-96</b>
<b>6</b>	<b>Houston</b>	<b>KRTX-FM</b>	<b>Q2-96</b>

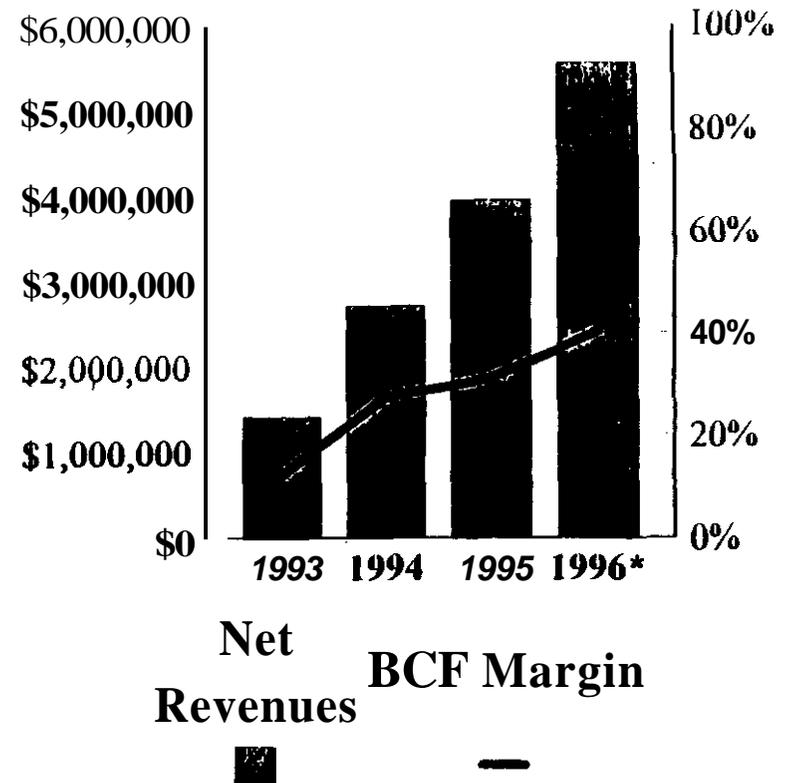
HBC 053940



# KLTN-FM (Houston)

- ◆ Start-up: July 1992
- ◆ Number one Spanish station
- ◆ KLTN-FM General Market Ranking:

		<u>1994</u>	<u>1996</u>
HBC 1993-1994	18-34	#11	#4
	12+	#17	#9
	25-54	#17	#9



Source Arbitron, 1994 & 1996 Summer Book, 12+

# The San Francisco/San Jose Market



- Start-up: KSOL-FM / KZOL-FM
  - ◆ Purchase price: \$40 million
  - ◆ Simulcast signals cover from north of San Francisco to San Jose to Salinas-Monterey
  - ◆ First full coverage Spanish FM signal in the Bay area
  - ◆ Commenced roll out of format in September 19

# The San Francisco / San Jose Opportunity



- ◆ The San Francisco / San Jose Hispanic population is estimated at **1,120,100**
- ◆ Hispanics represent **16.9%** of the San Francisco / San Jose population
- ◆ The Hispanic population increased **78.3%** from **1980-1996**
- Hispanic Persons **12+** is growing at 4.4% compared to 0.3% for the Non-Hispanic population in San Francisco / San Jose
- The existing line-up of Spanish stations underserves the San Francisco / San Jose Hispanic market <sup>1</sup>

HBC053043

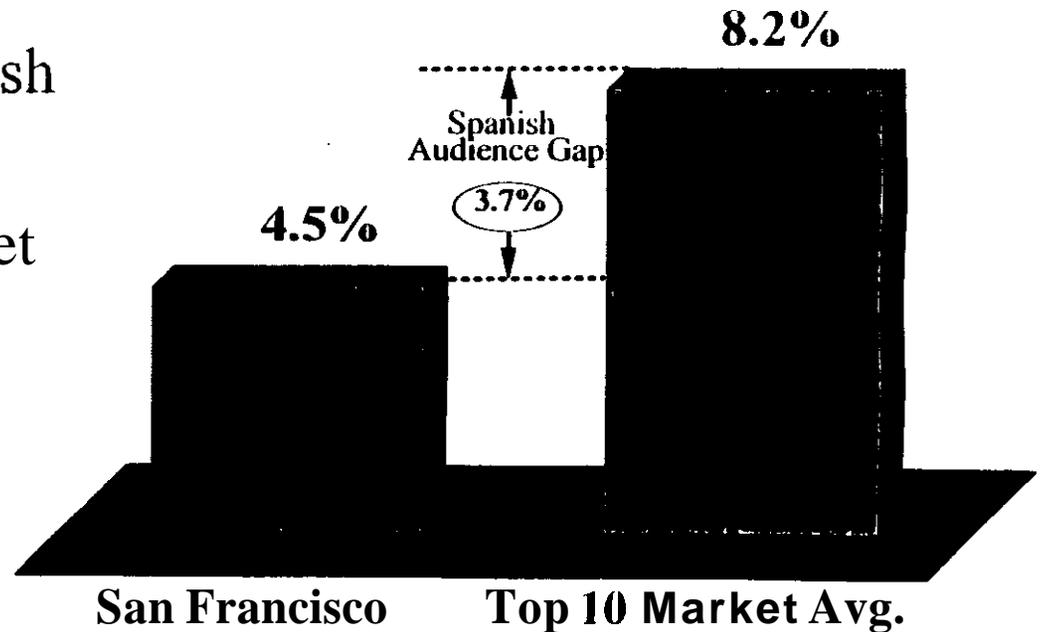
Source: 1996 SRC, Updated Census Tracts.  
1. Market Statistics, Arbitron Radio Metros, January 1, 1996 to January 1, 1997.

# Spanish Radio Underserves Hispanics in San Francisco



Comparison of San Francisco Hispanic Ratings against Hispanic Universe

- Number one Spanish station is an AM
- ◆ No prior full market FM coverage
- ◆ No one dominant Spanish station



HBC 0304

Source: Arbitron, 1996 Summer Book, Adults 25-54.

1. Company estimates. Adjusted for percent Hispanic population in each market



## KSOL/KZOL-FM Trends

- ◆ Station launched Labor Day
- ◆ Full scale promotion commenced late October
- ◆ By December, KSOL/ KZOL-FM was the number one Spanish station
- ◆ KSOL/ KZOL-FM Arbitron, 1996 Fall Book General Market ranking

HBC 053945

18-34	#4
25-54	#13
12+	#16

Source: Arbitron, 1996 Fall Book



## Los Angeles Market

- ◆ **KLVE-FM:**
  - Number one station in the market - in all demographics
  
- ◆ **KTNQ-AM:**
  - Number two ranked AM station in the market
  - Number six ranked station in the market
  
- ◆ **Start-up: KSCA**
  - TBA for nominal price commencing January, 1997
  - Option to purchase KSCA-FM for approximately \$1 12.5 million
  - ◆ Option price: \$10 million up-front and \$3.0 million per annum thereafter. All payments credited to purchase price

HBC33346

Source: Arbitron, 19% Summer Book, Adults 25-54.

# The Los Angeles Market Opportunity



- ◆ **Hispanic Persons 12+ comprise 36.7% of the population in Los Angeles<sup>1</sup>**
- ◆ **There are over 6,000,000 Hispanics in Los Angeles<sup>1</sup>**
- ◆ **Hispanic Persons 12+ is growing at 4.2% compared to -1.7% for Non-Hispanics in Los Angeles<sup>2</sup>**
- ◆ **Only Two Full signal Spanish-FM stations broadcasting in Los Angeles**
- ◆ **The leading format in the Los Angeles market is Spanish<sup>3</sup>**

HBC 053847

1. LA Metro Spring 1996 Arbitron Current US Census.

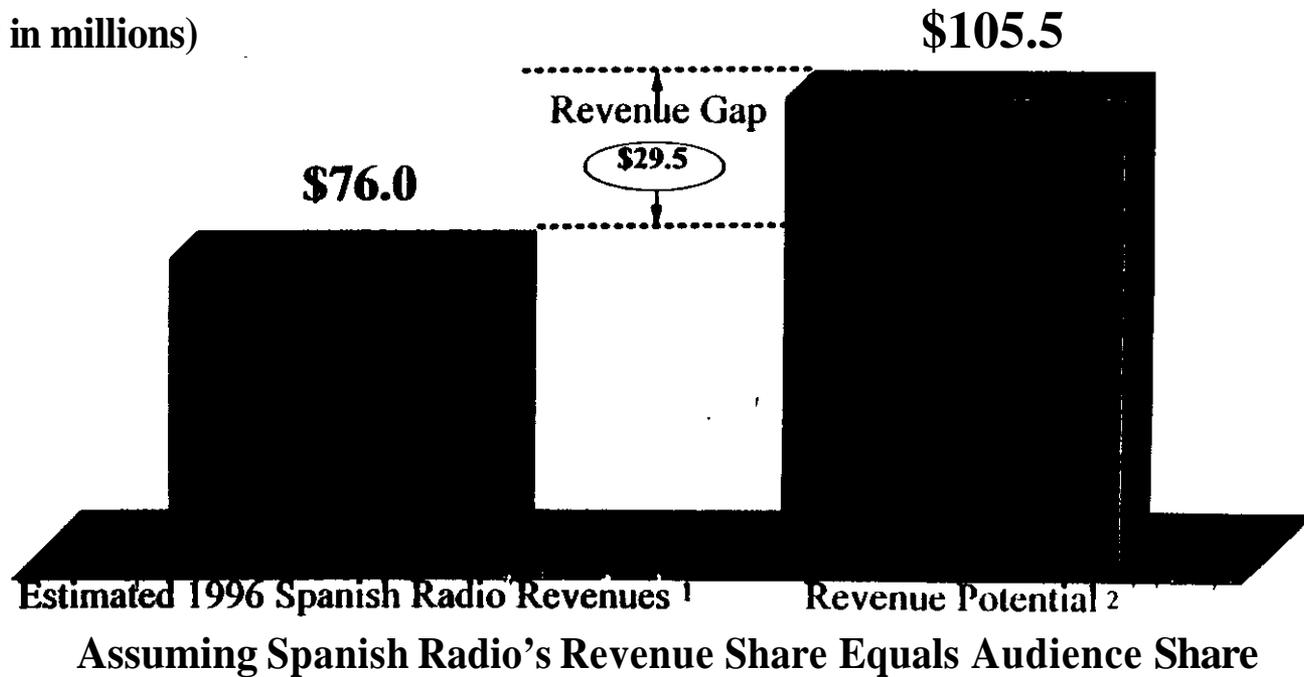
2. Market Statistics, Arbitron Radio Metros, January 1, 1996 to January 1, 1997.

3. Los Angeles Metro, Summer 1996 Arbitron, Adults 12+/ AQH Share-Total Week

# Large Revenue Potential for Spanish Broadcasters in Los Angeles



(Dollars in millions)



- 1. Company estimate.
- 2. Potential revenue if Spanish radio revenue share equaled 12+ Persons Summer 1996 Spanish share.

HBC 053040



## Commitment to Growth

- ◆ Same station growth
- ◆ Revenue growth from start-up stations
- ◆ Concentration on cost controls
- ◆ Increasing profit margins
- ◆ Accretive acquisitions