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The Clear Picture on Clear Channel Communications, Inc.: A Corporate Profile

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The Clear Picture on Clear Channel Communications, Inc.: A Corporate Profile

Abstract

[Excerpt] This research was commissioned by the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO) with the expressed purpose of assisting the organization and its affiliate unions – which represent some 500,000 media and related workers – in understanding, more fully, the changes taking place in the arts and entertainment industry. Specifically, this report examines the impact that Clear Channel Communications, with its dominant positions in radio, live entertainment and outdoor advertising, has had on the industry in general, and workers in particular.

Keywords

AFL-CIO, media, worker, arts, entertainment industry, advertising, organization, union, marketplace, deregulation, federal regulators

Disciplines

Advertising and Promotion Management | Arts Management | Unions

Comments

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**THE CLEAR PICTURE ON
CLEAR CHANNEL COMMUNICATIONS, INC.**

A CORPORATE PROFILE

January 28,2004

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For the American Federation of Labor-Congress of Industrial Organizations

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I. EXECUTIVE SUMMARY

This research was commissioned by the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO) with the expressed purpose of assisting the organization and its affiliate unions - which represent some 500,000 media and related workers - in understanding, more fully, the changes taking place in the arts and entertainment industry. Specifically, this report examines the impact that Clear Channel Communications, with its dominant positions in radio, live entertainment and outdoor advertising, has had on the industry in general, and workers in particular.

Clear Channel is a publicly held company that began with one radio station in 1972 and is currently one of America's top ten international media conglomerates, with gross revenues of \$8.4 billion in 2002. While the company's size does not make it unique - Clear Channel is not the only media firm to experience dramatic growth because of deregulation - it is notable in that, for many, it exemplifies a number of the detrimental effects that media ownership concentration can have on workers and society as a whole.

Having rocketed to the level of media titans such as Viacom, Disney and NBC in a mere six years, Clear Channel has radically altered established methods of doing business in the industries in which it is dominant. For example, in radio, concert promotion, live theater and outdoor advertising where Clear Channel holds dominant market positions, it typically operates from a superior competitive position that many say lends itself to predatory and/or anticompetitive activities.

Moreover, in the last several years, the company's practices have increasingly come under fire from elected officials, federal regulators, media workers, competitors, artists and the general public. These groups are concerned about localism and diversity of voices within the media marketplace and think that further consolidation may adversely affect news, information and entertainment. This report illustrates why labor leaders and public advocates believe that Clear Channel's story illustrates what's wrong with media consolidation and why further deregulation is not a remedy.

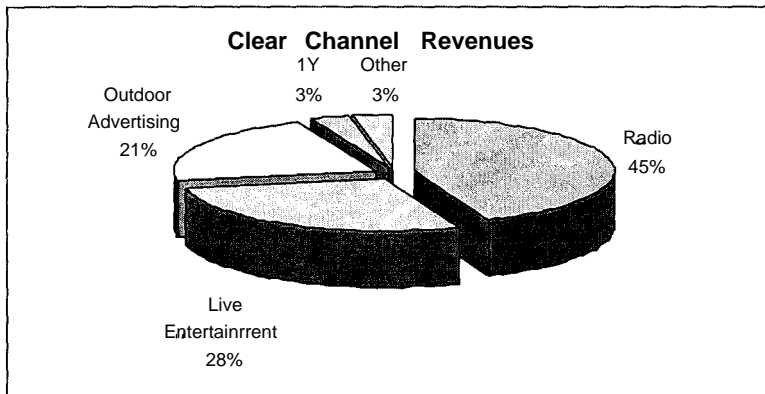
For most of Clear Channel's history political activity has not been a significant part of its operating strategy. But, in the last three years the company has created a formidable lobbying operation that involves enviable political connections, primarily with Republicans, throughout government from the municipal level up to the White House. For this reason, many labor leaders believe that the company's record of supporting conservative viewpoints is part of a deliberate corporate strategy to curry favor with conservative decision-makers in Washington, D.C..

KEY FINDINGS

BUSINESS STRATEGIES

As explained by Clear Channel's CEO Lowry Mays, this company is not in the business of providing music, news or information, but rather, in the business of selling advertising to its customers.¹ The company boasts that its main advantage is its ability to attract national and regional advertisers by offering them wider geographical exposure through multiple, complementary outlets. Clear Channel is able to create a certain amount of 'synergy' between its various operating units, because it can promote performances at its venues by advertising through their radio stations, TV stations and outdoor advertising outlets. Few companies in this business have this capacity, on such a large scale.

The primary segments in which Clear Channel operates include radio, TV, outdoor advertising and live entertainment. The company's operations are concentrated in media



industry segments that are not expected to experience dramatic growth in the near future. The company's businesses are sensitive to business cycles primarily because of their reliance on advertising revenues. These factors, combined with the fact

that Clear Channel carries as much as \$8 billion in debt, help explain the company's emphasis on cost containment/reduction as one route to increase profitability. The main elements of this company's business model include the following:

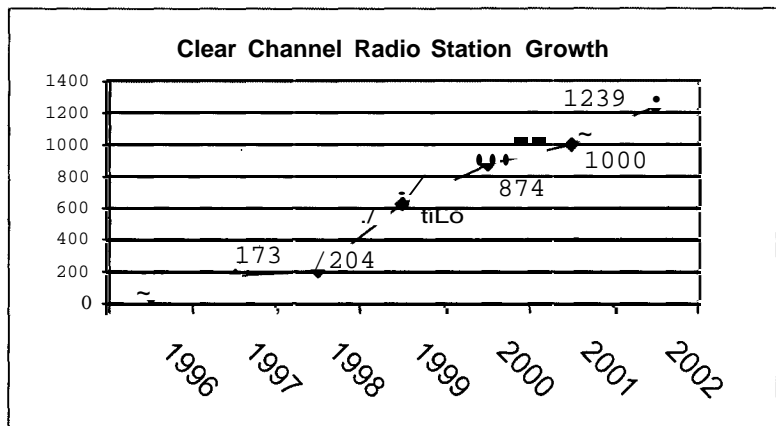
- Focus on Cost Reductions
Clear Channel seeks cost efficiencies by streamlining and centralizing management and operations, and by introducing labor saving technologies.
- Growth by Aggressive Acquisition: In many cases, Clear Channel has expanded broadly throughout the country by acquiring industry leading companies or by acquiring competitors.
- Leveraging of Business Segments Operations
Clear Channel's dominant position in separate but related industries such as radio, venue ownership and operation, and concert promotion, gives the

¹ Chen, Christine Y. The Bad Boys of Radio, *Fortune*; March 3, 2003, p. 119.

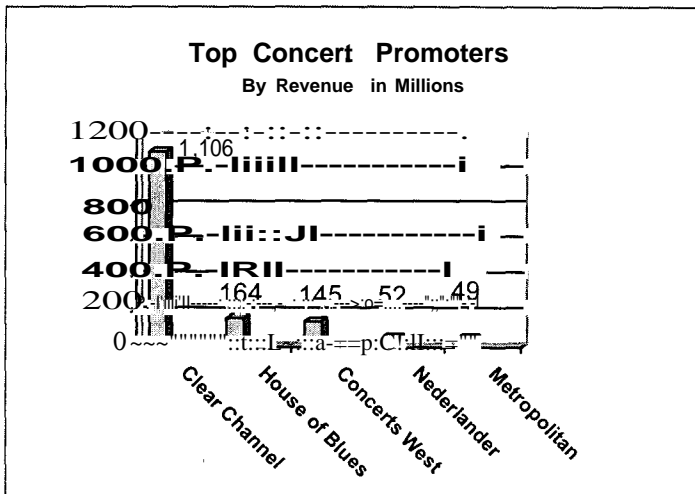
company the ability to cross-promote its offerings and gives it extraordinary power and over artists, producers and competitors.

RADIO

On the eve of the Telecommunications Act of 1996, Clear Channel owned 43 radio stations. Today, the company blankets the nation with 1,239 radio stations basically dominating the radio industry and reaching 100 million listeners daily. It is the largest radio company in the nation, owning five times the number of stations owned by its closest competitor. The company controls 20 percent of all radio industry revenues, while controlling only 11 percent of all stations. In 37 of the top 300 markets Clear Channel's revenue share ranges between 50 and 99 percent..



LIVE ENTERTAINMENT



Clear Channel is America's number one concert promoter and largest owner/operator of live-entertainment venues. In 2002, Clear Channel sold more than 30 million concert tickets, 23 million more than its closest competitor. In concert promotion the company has been accused by rivals of anti-competitive behavior². As the largest owner of live-entertainment venues in the

² Lorek, L.A. Clear Channel Listens to its Critics. *San Antonio Express-News*. April 10,2003, p. 1A; Oppelaar, Justin. DOJ probing Clear Channel's Business Practices. *Daily Variety*. July 28,2003, p. 10; Boehlert, Eric. Suit: Clear Channel is a Media Monopoly; A Tiny Denver Concert Promoter Is Taking The Most Powerful Force in The Music Industry To Court. *Salon.com*. August 8 2001. http://dir.salon.com/entl.clear_channel/2001/08/08/antitrustindex.html.

U.S. Clear Channel has 44 amphitheatres, 51 theaters, and various clubs and arenas across the country. Worldwide, the company owns, leases, operates or books a total of 135 venues. In live theater, union representatives say that the company has a looming presence on Broadway. In addition, the company is a dominant force in the Broadway touring business.

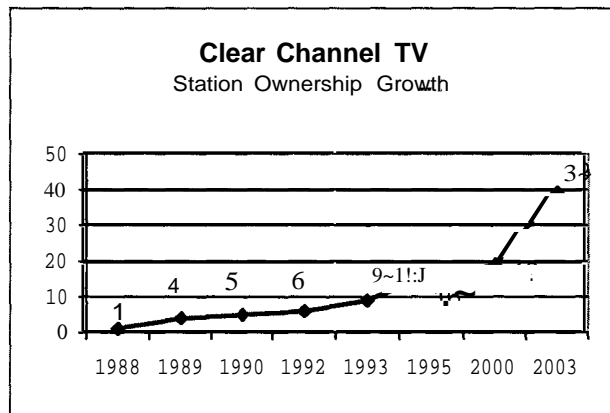
OUTDOOR ADVERTISING

Worldwide, Clear Channel has approximately 716,000 outdoor displays. Of these 114,097 are in the U.S. and 571,942 are in 65 other countries. These displays include billboards, taxi tops and mobile truck panels as well as bus, train, shopping mall and airport displays. Through these displays, the company claims the ability to reach over half of the overall U.S. adult population and 75 percent of all the nation's Hispanics. While there is little room for growth in this industry in the U.S., the company continues its expansion into electronic displays and foreign markets.

TELEVISION

Clear Channel owns 39 TV stations, which include ABC, CBS, NBC FOX, WB, PAX and UPN network affiliates.

TV is the primary area where many industry watchers believe that, once the company's debt load is under control, Clear Channel may attempt to grow by acquisition. As in the radio unit, the TV unit was built on acquisitions.



REGULATORY ENVIRONMENT & THE PUBLIC INTEREST

It is true that Clear Channel's growth was achieved playing by the rules. The deregulatory Telecommunications Act of 1996 enabled the company to acquire nearly 1,200 radio stations over 6 years. It is also true that many of the company's cost-cutting innovations have turned money-losing stations into profitable operations. However, the detrimental impact of its business practices on localism, diversity of programming, and possibly public safety, cannot be ignored.

3 Clear Channel Inc. http://www.clearchannel.com/olit_abolit.php

The June 2, 2003 amendments of FCC rules imposed new restrictions on radio station ownership in individual markets. These new regulations for radio mean that Clear Channel would be prevented from acquiring more stations in certain large markets, which have greater revenue potential. The new rules also limit the ability of smaller radio groups to grow through acquisitions the way Clear Channel did. As a result of the new rules, 82 Clear Channel stations in 31 markets are not in compliance with FCC ownership limits. This may require the company to sell a number of stations.

Many competitors, artists and workers alike have complained that Clear Channel's negotiating style can be characterized by the term "arm-twisting." The company has a history of legal disputes involving allegations of price-fixing, anti-competitive practices, violation of federal labor law and violation of the Federal Communications Act. The Department of Justice is currently conducting an anti-trust investigation of Clear Channel in response to complaints against the company."

In at least one instance, Clear Channel's cost cutting practices have undermined public safety. In Minot, ND, the lack of staffing at Clear Channel's radio stations impeded the activation of the emergency radio response system following a train derailment and hazardous spill.

A complaint to the FCC written by the organization Essential Information argued that Clear Channel should not have its licenses renewed for 63 radio stations, which were penalized for misconduct. The complaint says that with 36 violations of the law since 2000 Clear Channel "lacks the requisite character to hold broadcast licenses." Violations by the company have included: airing indecent material, deceptive broadcasts to the public, anti-competitive commercial practices and illegally taking control of a radio station^f

LABOR RELATIONS

Clear Channel's business model is based on providing low-cost media and entertainment services. The company typically seeks overall labor cost reductions by consolidating operations and eliminating positions, introducing labor saving technologies, concessionary bargaining with unions, and even pursuing union decertification. These strategies have had a negative impact on employment and labor standards in the industry segments where the company operates.

4 Lorek, L.A. Clear Channel Listens to its Critics. *San Antonio Express-News*. April 10, 2003; p. 1A; Oppelaar, Justin. DOJ probing Clear Channel's Business Practices. *Daily Variety*. July 28, 2003; p. 10. Boehlert, Eric. Suit: Clear Channel is a Media Monopoly; A Tiny Denver Concert Promoter Is Taking The Most Powerful Force in The Music Industry To Court. *Salon.com*. August 8 2001; Essential Information. Complaint to the Federal Communications Commission, September 24, 2003; Holland, Bill and Wadell, Ray. Artists Seek Gov't Redress of Contract. Radio Issues; Congressman Seeks Clear Channel Probes. *Billboard*; February 2, 2002; No.5, Vol. 114; p. 1.

^s Essential Information. Complaint to the Federal Communications Commission, September 24, 2003.

Clear Channel's cost-cutting practices have resulted in a number of layoffs company-wide, affecting both management and non-management employees. Estimates of the number of job cuts range from 1,500 to 4,500 over the last four years.⁶

In the radio segment, Clear Channel has reduced staffing levels by centralizing operations regionally, implementing voice-tracking (airing of pre-recorded shows from one market into multiple other markets), and by employing technology that enables programming of several radio stations from one location. In live entertainment, many of Clear Channel's venues use the "virtual orchestra" technology, according to AFM representatives.⁷ This technology holds the potential to significantly reduce or even eliminate the employment of live musicians.

Clear Channel's business model also exerts significant pressure on competitors, who have also implemented job cuts or salary reductions. Observers estimate that, over the last four years, total layoffs in the radio industry have reached 10,000, with the bulk resulting from consolidation.⁸

Because of its dominance in radio, venue ownership and concert promotion, this company is a gatekeeper within the music industry in the U.S. and, thereby, controls the "two gates that artists have to pass through to have a career in this industry," specifically, concert tours and radio play lists.⁹

While estimating the number of Clear Channel workers who are represented by unions presents difficulties, our research finds that there are collective bargaining agreements at approximately 81 of the company's geographically dispersed locations.

Unionization at Clear Channel			
Division	Sites	Sites with Union Contracts	Percent of Sites
Radio	1,239	35	2.8%
TV	39	5	12.8%
Live Entertainment	106	24	22.6%
Outdoor Advertising	87	17	19.5%

In evaluating their bargaining experience with Clear Channel, most union leaders agree that negotiations with this employer have been difficult, although a few union representatives expressed having a positive relationship with their regional and local management counterparts. For many union leaders, Clear Channel's labor relations goal

⁶ These numbers include estimates provided by the American Federation of Television and Radio Artists (AFTRA).

⁷ Interview with representatives of the American Federation of Musicians (AFM), Local 802.

⁸ Spencer, Todd. Radio Killed the Radio Star. *Salon.com*, October 1, 2002.

⁹ Boehlert, Eric. Interview on National Public Radio's Fresh Air. July 23, 2003.

is to diminish the relevance of existing collective bargaining agreements by introducing business and employment practices that effectively dilute their agreements and undermine pay standards. [

Our research finds that, generally, relations between Clear Channel and its unions have been contentious. Several unions have filed charges that Clear Channel has committed violations of the National Labor Relations Act at multiple sites in its broadcasting, live entertainment and outdoor advertising segments. Fifty-five Unfair Labor Practice (ULP) charges were filed against Clear Channel and its subsidiaries between January 1999 and October 2002. (See Table 11).

Clear Channel's union avoidance and other belligerent labor relations tactics combined with its predatory business strategies, which put economic pressure on its subsidiaries and subordinate players in the industry, emphasize the bottom line irrespective of community impact. For these reasons, some union leaders have referred to Clear Channel as the "Walmart of the radio industry."

Fifteen unions have or have had collective bargaining agreements with Clear Channel, but they represent just a small fraction of the company's workforce. Those unions are as follows:

- Actors' Equity Association (AEA)
- American Federation of Musicians (AFM)
- American Federation of Television and Radio Artists (AFTRA)
- Association of Theatrical Press Agents & Managers (ATP AM)
- Communication Workers of America (CWA)
- Hotel and Restaurant Employees Union (HERE)
- International Alliance of Theatrical Stage Employees (IATSE)
- International Association of Machinists (IAM)
- International Brotherhood of Teamsters (IBT)
- International Brotherhood of Electrical Workers (IBEW)
- International Union of Painters and Allied Trades (IUPAT)
- Laborers' International Union of North America (LIUNA)
- Screen Actors Guild (SAG)
- Service Employees International Union (SEIU)
- Sheet Metal Workers International Association (SMW)

POLITICAL CONNECTIONS AND ACTIVITIES

Clear Channel has close ties with the Bush administration and syndicates a large number of conservative radio personalities including Rush Limbaugh, Dr. Laura Schlessinger and Glenn Beck. Limbaugh has spoken at Clear Channel conventions and urged attendees to

10 Interviews with representatives of AFTRA, AFM and Actors' Equity Association (AEA).

vote Republican. ¹¹ In addition, it is Clear Channel's policy to encourage employees to make voluntary contributions of one percent of their salaries to the company's PAC.¹²

Clear Channel's corporate headquarters are in San Antonio, Texas, and the company's CEO Lowry Mays has had a long-standing relationship with the Bush family. Mr. Mays contributed \$51,000 to George W. Bush's 1998 gubernatorial campaign. In 1996 while serving as governor of Texas, Bush appointed Mays to a state technology council. Between 2000 and 2002, Clear Channel's campaign contributions amounted to \$1 million, with 75 percent of these contributions going to Republican candidates.¹³

When protesters organized large anti-war demonstrations to protest the Iraq war, Clear Channel's syndicated radio personality Glenn Beck, with the company's tacit support, organized at least 18 pro-military rallies in cities across the country. In addition, the company is facing a lawsuit filed by award-winning radio personality Roxanne Cordonier, who charges that she was fired by Clear Channel for speaking against the war in Iraq.¹⁴ Clear Channel denies having engaged in any kind of pro-war activism and claims to adhere to strict business criteria when offering predominantly conservative programming.

CONCLUSIONS

Much of Clear Channel's business strategy is predicated upon its dominance of the markets in which it operates. As a result, the company has radically altered established methods of doing business in the industries in which it is dominant. Those methods are designed to enhance and increase profitability, primarily at the expense of workers and consumers.

Another important element of Clear Channel's business model is to seek profitability through a low-cost approach to business. Because the company holds a dominant position in those industries, its competitive practices have had a ripple effect, as other players within those industries adopt similar practices. This race to the bottom poses a growing challenge to unions seeking to represent workers and advance labor standards in those industries.

¹¹ Gross, Terri (Interviewer). Salon Magazine's Eric Boehlert and Clear Channel Radio CEO John Hogan Talk About Media Deregulation (Transcript). *Interview on National Public Radio's Fresh Air*; July 23, 2003.

¹² Dotinga, Randy. Murky Water for Clear Channel, *Wired News*.

¹³ Josie, Cory. Clear Channel Size is Drawing Complaints, <http://smart90.com/clearchannel/>. Dotinga, Randy. Murky Water for Clear Channel, *Wired News*; Capitaley.org. Figures are based on data released by the Federal Election Commission on April 28, 2003.

Totals include PAC, soft money and individual contributions to federal candidates, party committees and leadership PACs, 1999-2002.

¹⁴ Paras, Andy. Morning Radio Co-Host Sues Station That Fired Her, *The Greenville News* (South Carolina); July 7, 2003

Clear Channel's cost-cutting strategies have also had a detrimental effect on labor standards, eliminating jobs and exerting downward pressure on wages and benefits in the industries in which it operates. In its pursuit of labor cost efficiencies, this company's aggressive labor relations strategy has resulted in dozens of Unfair Labor Practice charges being filed with the National Labor Relations Board.

Clear Channel's workforce is predominantly non-union, and existing bargaining agreements are held by multiple local and national unions that separately negotiate with this company. This research suggests that unions representing workers and artists at Clear Channel could benefit from more coordinated approaches to organizing and collective bargaining with the company.

In the on-going debate over the FCC's eradication of key restrictions on media ownership, Clear Channel is often cited by Congressional critics - both Democrats and Republicans - as the "poster child" for what's wrong with media deregulation. Clear Channel is but one case in point, however, it provides a dramatic example of the adverse consequences of deregulation not only on workers, but also on society as a whole.

II. INTRODUCTION

This report is a profile of the publicly held media conglomerate Clear Channel Communications, Inc. This profile includes the results of an in-depth analysis of the company's history, business practices and labor relations. The information contained in this report was compiled from: government documents; newspapers; trade journals; and interviews with labor representatives, media advocates and government officials.

In one form or another, Clear Channel has been around for over 30 years. However, it has only been in the last six years that the company has grown into the media giant that we know today. In 1996, Clear Channel was a large company, but it did not register among the nation's top media conglomerates. However, since passage of the Telecommunications Act of 1996 loosened ownership restrictions on radio broadcasters, Clear Channel has gone on an extended acquisition spree that has elevated the company into the Top 10 media conglomerates in the U.S.

As a result of its acquisition-powered growth, Clear Channel holds dominant market positions in the radio, live theater, outdoor advertising and concert promotion industries. The company also has strong market positions in TV, athlete management, film & TV production and satellite radio (it has a stake in satellite radio company XM, Inc.). As the company has achieved greater market power, accusations of its alleged abuses of that power have increased. This is among the reasons why Clear Channel provides such a compelling case for limits to media consolidation.

Clear Channel is a major employer in the media industry employing over 41,000 workers worldwide. During its peak seasons, the company employs as many as 55,000 workers worldwide. Today, 15 U.S. unions have collective bargaining agreements that cover parts of the company's operations, however, the company is still overwhelmingly non-union. The company appears to have shown little regard for workers, with many of its costs reduction and containment efforts coming at the expense of its employees.

III. COMPANY OVERVIEW & HISTORY

Clear Channel Communications, Inc. (NYSE: CCU), headquartered in San Antonio, TX, is a large media conglomerate with divisions in outdoor advertising, radio, television, and live entertainment in 66 countries around the world. In 2001 the company was ranked the 10th largest media company in America, and by 2002 the company was the 9th largest.¹⁵

Clear Channel's Chairman, CEO and founder Lowry Mays acquired his first radio station in 1972, when he made a loan to a friend who was acquiring the station and who later withdrew from the deal. Mays took ownership of the station and, with no experience in radio, asked his friend BJ. "Red" McCombs (then a used car dealer) to be his partner in the new enterprise. In 1975, the partners acquired one of the 24 "clear channel" (the term clear channel refers to an AM frequency with nationwide reach) radio stations in the country and renamed their company Clear Channel.¹⁶

Clear Channel went public in 1984, and in 1989 and 1992 Mays' sons Mark and Randall joined the company as top executives. By 1995, Clear Channel owned 43 radio stations and 16 TV stations. In 1996, after the passage of the Telecommunications Act, the company acquired 49 new radio stations, and by 2001 it had grown to more than 1,200 stations, absorbing approximately 70 radio companies in the process.

TABLE 1
CLEAR CHANNEL'S STANDING
AMONG Top 10 MEDIA FIRMS

RANK BY 2002 NET REVENUE	MEDIA COMPANY	NET REVENUES (\$ BILLIONS)
1	TIME WARNER	\$28.6
2	VIACOM	\$16.3
3	COMCAST CORP.	\$16.0
4	WALT DISNEY	\$9.8
5	NBC (General Electric)	\$7.4
6	COX ENTERPRISES	\$7.4
7	NEWS CORP. (Fox)	\$6.7
8	DIRECT-TV (GM)	\$6.5
9	<i>CLEAR CHANNEL</i>	\$5.9
10	GANNET	\$5.6

Source: MacDonald, *Scott. 100 Leading Media Companies, AdAge* (Special Report). August 18, 2003.

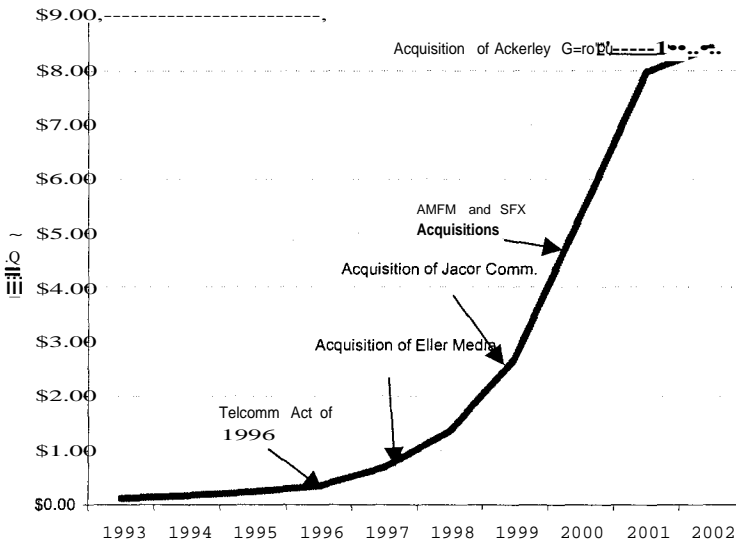
¹⁵ MacDonald, Scott. *100 Leading Media Companies, AdAge* (Special Report). August 18, 2003.

¹⁶ Chen, Christine Y. *The Bad Boys of Radio, Fortune*, March 3, 2003, Vol. 147 Issue 4, p. 119.

For most of its history Clear Channel had experienced relatively solid and consistent growth. By the time the company had been around for 20 years its revenues had grown into the hundreds of millions (See TABLE 2). After the media ownership changes brought on by the Telecommunications Act of 1996, the company's revenues skyrocketed.

CHART I

Clear Channel Revenue Growth



Sources: SEC, 10-K Filing, 2002; Standard and Poor's, *Stock Reports Corporate Actions*, www.marketinsight.com, July 5, 2003.

Between 1996 and 2000 the company's revenues, because of numerous acquisitions, practically doubled every year. For example, Clear Channel's 1997 purchase of Eller Media, a major billboard company, for \$1.15 billion explained the 93 percent increase in its 1998 revenues. In 1999 Clear Channel bought AMIFM, its major radio rival, for \$16.7 billion.

In 2000, Clear Channel bought SFX Inc., a major sports and live entertainment company, for \$4.4 billion and, thereby, entered the live entertainment (concert promotion and theatre) business.¹⁷

TABLE 2

\$ Millions	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Revenues	\$118	\$173	\$244	\$352	\$697	\$1,351	\$2,678	\$5,345	\$7,970	\$8,421
Operating Income	\$38.7	\$67.6	\$105	\$145	\$282	\$546	\$976	\$1,722	\$1,899	\$2,186
Net Income	\$9.1	\$22	\$32	\$37.7	\$63.6	\$54	\$85.7	\$249	(\$1,144)	\$725

Source: Standard & Poor's, *Stock Reports and Corporate Actions*, www.marketinsight.com, July 5, 2003; Hoovers Online Clear Channel Communications (Company Profile), December 2003.

¹⁷ Standard & Poor's, *Stock Reports and Corporate Actions*, www.marketinsight.com, July 5, 2003; Hoovers Online, *Clear Channel Communications, Company Profile*; December 2003.

Because of the economic recession and the impacts of the September 11 attacks, the company recorded operating losses in every quarter of 2001. Total losses for that year were \$1.1 billion.¹⁸ This is the only year, from 1993 to 2002, that Clear Channel did not post annual profits. While their aggressive acquisition strategy yielded significant revenues for the company, they also resulted in the company accumulating \$8.8 billion in debt as well as \$14.2 billion in shareholder equity.¹⁹

Clear Channel's stock increased from \$4.60 in 1993 to its highest point of \$95 per share in early 2000. (See Appendix A). The stock fell, reaching lows in the \$20's during 2002. Subsequently it has increased to the current levels in the \$40 range. According to analysts, the stock price downturn in 2000 coincided with the controversial acquisition of SFX Entertainment. Analysts and stockholders were not convinced of the potential synergies.²⁰ Another key factor contributing to the decline was the slump in the advertising market due to the recession and the September 11 attacks. Currently the stock is rated a Buy-Hold, mainly because of: 1) the company's dominance in three of its primary business segments (radio, outdoors and concert promotion; 2) a strong cash flow that pays its debt; and 3) the fact that 15 percent of shares are held by company insiders."²¹

BUSINESS SEGMENTS

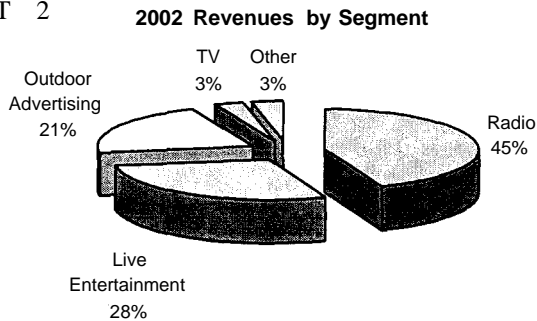
Clear Channel's primary divisions include radio, television, outdoor advertising and live entertainment. The company holds a dominant market position in all of these divisions except TV. Clear Channel operates more than 1,200 radio and 39 television stations in the U.S. and has equity interests in over 240 radio stations internationally. Worldwide, the company owns and operates approximately 716,000 outdoor advertising displays. The company also promotes, produces and markets live entertainment events and owns or

operates more than 100 live entertainment venues across the U.S. In terms of revenues, the radio division generates the lion's share of the company's income with live entertainment a distant second (See CHART 2).²²

Revenues from the radio division have been grown consistently. Live

entertainment revenues have remained relatively flat over the last couple of years (See

CHART 2



¹⁸ Securities and Exchange Commission. *Clear Channel, Inc. 2002 Form 10-K*, (Filed March 31, 2003).

¹⁹ *Ibid.*

²⁰ Stifel, Nicolaus & Company, Inc. *Clear Channel Communications*, May 1, 2003.

²¹ Standard & Poor's. *Stock Reports and Corporate Actions*; *Money*, Waiting to Pay, August 2003;

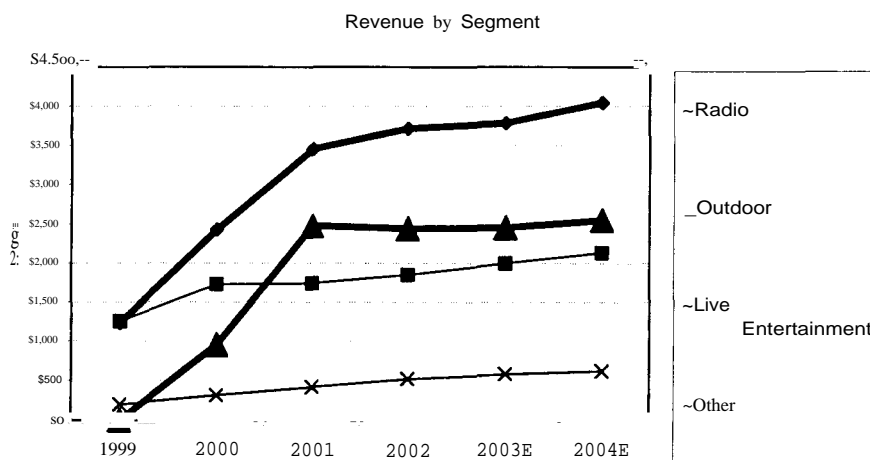
Matthew, Scott S. A Green Light On the Economy. *Black Enterprise*, August 2003, Vol. 34, p. 32.

²² Securities and Exchange Commission, Clear Channel Communications, Inc. 2002 10-K Filing (March 11, 2003)

CHART 3). In addition, live entertainment presents the lowest operating margins compared to all other segments while radio is the best performer of all the company's segments in terms of operating profits (See Appendix A).

For 2003, analysts and the company expected outdoor advertising to be the revenue "growth-driver.". By comparison, radio is considered a "stable" revenue generator so major growth was not expected in 2003; however, radio is expected to pick up in 2004, which is a presidential election year.. For Live Entertainment where most revenues occur in the 2nd and 3rd quarters (mainly from concerts) significant growth is not expected.²⁷

CHART 3



Source: Securities and Exchange Commission. *Clear Channel 2002 10-K Filing* (Filed March 11, 2003); Securities and Exchange Commission. *Clear Channel 2001 10-K Filing* (Filed March 20, 2002). Wallace, Timothy. Clear Channel Communications. *Global Equity Research*. UBS Warburg. May 9, 2003.
 Note: Other includes Television, Marketing and Promotion.

²³ Stifel, Nicolaus & Company, Inc. Clear Channel Communications. May 1, 2003.

IV. BUSINESS STRATEGIES AND STRUCTURE

The company's overall business strategy is to increase profitability, by aggressively pursuing cost efficiencies and by leveraging operations in its multiple business segments in local, regional and national markets. The company seeks growth in advertising revenues by expanding in all of its divisions to attract regional and national advertisers with broad, coordinated exposure.

As explained by Clear Channel CEO Lowry Mays, this company is not in the business of providing music, news or information, but rather, in the business of selling advertising to its customers.²⁴ Mays' vision of his business is to continue "to link the different businesses in more organic, logical ways.,²⁵ Generally, this vision involves the constant cross-promotion of Clear Channel's concerts on its radio stations, which can also advertise at its concert venues. In addition, regional ad sales teams promote and sell advertising for all of Clear Channel's local outlets - radio, billboards, and concerts."²⁶ It also involves substantial streamlining. In San Antonio, for example, it means having a Clear Channel TV sportscaster (Don Harris) host an afternoon show on a Clear Channel AM radio station, and TV meteorologist (Jennifer Broome) reading the weather for a Clear Channel radio station as well.

According to the company's 2002 10-K filing, the expansion of Clear Channel's international operations is a key element of the company's business strategy for the outdoor advertising and the live entertainment industries. This is especially true for live entertainment in Europe and elsewhere, because the industry is "highly fragmented" and there is little of the "industry integration" that has taken place in the U.S.²⁷

CLEAR CHANNEL RADIO

In radio, Clear Channel targeted heavily indebted companies for acquisition and accumulated \$8.8 billion in debt. In the process Clear Channel became the largest radio company in the country and is 4.7 times larger than its nearest competitor (See Chart 4). Unlike its closest competitor Viacom, it expanded beyond the largest markets. This acquisition strategy may not have produced the anticipated income, however, because the major markets are where the bulk of the advertising revenues are made. Accordingly, Viacom owns 1,000 fewer radio stations than Clear Channel, but makes comparable revenues, having concentrated in major markets.

²⁴ Chen, Christine Y. The Bad Boys of Radio. *Fortune*; March 3, 2003, p. 119.

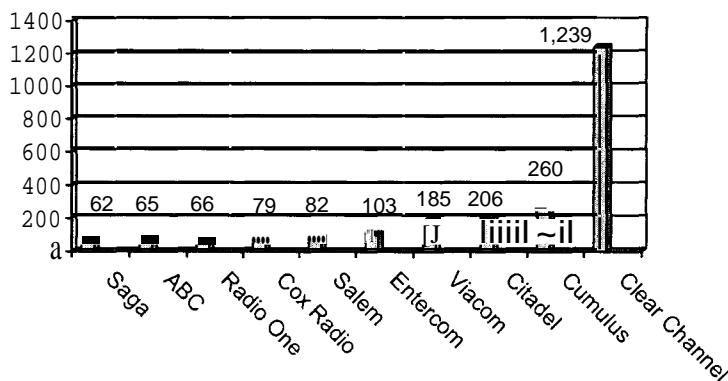
²⁵ Bragg, Roy. Clear Channel: Owning the Waves. *San Antonio Express-News*, February 2, 2003; p. 24A.

²⁶ The Bad Boys of Radio. *Fortune*, p. 119.

²⁷ Securities and Exchange Commission. *SFX Entertainment, Inc. 1999 Form 10-K* (Filed 4/28/2000)

Clear Channel's radio strategy is largely advertising-dollar driven with additional emphasis on cost reduction. In its nationwide acquisition of radio stations, the company's strategy was "to buy broadly, creating a presence in many markets ... [to] sell ads regionally as well as locally."²⁸ As opposed to other large radio owners such as Viacom and Disney, which focused on the top markets, Clear Channel has acquired radio stations across all markets with many stations outside the top 100. In fact, Clear Channel owns stations in 200 markets that are not even rated by Arbitron.²⁹ In Washington, D.C., for instance, Clear Channel promotes stations that target the demographic most sought by advertisers, the population between the approximate ages of 20 and 50. The Washington, D.C. operation also targets some niche markets such as men in their sixties who are in the military and who are likely to make defense purchasing decisions.³⁰

CHART 4 **Top Radio Companies**
(Number of Stations)



Sources: Winslow, George. Security in Numbers: Top 25 Radio Groups Now Control Nearly One-Quarter of All Stations. *Broadcasting and Cable*, September 9, 2002, No. 37, Vol. 132; p. 32; Dreazen, Yochi J. and Mathews, Anna Wilde. Senators Focus on Reach, Clout of Radio Powerhouse. *The Wall Street Journal*, January 30, 2003; Satzman, Darrell. Surrounded by Clusters, Radio One Station Keeps the Beat. *Los Angeles Business Journal*, June 30, 2003, No. 26, Vol. 25, p. 15; BIA Financial Networks. Changing Hands: Business: List of Transactions. *Broadcasting and Cable*, March 17, 2003, No. 11, Vol. 133, p. 17.

Clear Channel makes 20 percent of all radio industry revenues, while controlling only 11 percent of all stations in the country. Its market revenue share in the top four markets is between 22 and 26 percent. In small markets, Clear Channel's revenue share can be as high as 99 percent. In 37 of the top 300 markets Clear Channel's revenue share ranges between 50 and 99 percent (See Tables 3 & 4).

²⁸ The Bad Boys of Radio. *Fortune*, p. 119.

²⁹ DiCola, Peter and Thomson, Kristin. Radio Deregulation: Has It Served Citizens and Musicians? *Future of Music Coalition*. November 18, 2002.

³⁰ Ahrens, F. On Local Radio, the Day the Music Died. *Washington Post*, September 12, 2001; Ahrens, F. For "Aged" Demographics, Disrespect is Getting Old. *Washington Post*, April, 17, 2001..

TABLE 3 MARKET REVENUE SHARE³¹
(TOP 4 MARKETS)

Arbitron Rank	Market	Clear Channel Share	Number of Clear Channel Stations	Total Number of Stations in Market
1	New York, NY	26%	5	76
2	Los Angeles, CA	26%	11	75
3	Chicago, IL	22%	6	88
4	San Francisco, CA	25%	8	69

TABLE 4 MARKET REVENUE SHARE³²
(SMALLER MARKETS)

Arbitron Rank	Market	Clear Channel Share	Number of Clear Channel Stations	Total Number of Stations in Market
249	Sussex, NJ	99%	4	4
253	Battle Creek, MI	99%	4	11
77	Sarasota, FL	90%	6	18
225	Muskegon, MI	87%	5	14
146	Ann Arbor, MI	86%	4	7
160	Asheville, NC	79%	6	21
203	Frederick, MD	76%	2	10
247	Pueblo, CO	76%	3	18
286	Casper, WY	71%	6	12
133	Reading, PA	70%	2	7

Clear Channel derives 50 percent of its radio revenues from its top 20 markets.³³ According to the company, audience reach is an important component of its ability to set advertising rates. Therefore, the conglomerate closely monitors audience reach in its top 20 markets. **But**, Clear Channel also affirms that the "health" of its radio business is determined ultimately by ratings across all its markets.

Cost reductions are a major part of Clear Channel's business strategy, but they are also a response to declines in radio advertising that followed the economic boom years in 1999 and 2000. Industry wide, big radio chains have been cutting labor costs by attrition and combining jobs due to the sluggish advertising market.³⁴

³¹ Deutsche Bank Securities, Inc. Clear Channel Communications: Estimates Unchanged Due To Cost Control. Company Update. May 23, 2003.

³² *Ibid.*

³³ Securities and Exchange Commission. *Clear Channel, Inc. 2002 10-K Filing* (March 11, 2003).

³⁴ Ahrens, F. In Format Switch, 2104 Throws In the Top 40 Towel. *Washington Post*, October 02, 2001.

Cost reductions are implemented by streamlining operations. The company has stated that "by owning multiple stations in a market, [it] is able to operate stations with more highly skilled local management teams and eliminate duplicative operating and overhead expenses." For example, all five major FM stations that Clear Channel owns in Washington, D.C. are run from two floors of a building in Rockville, Maryland, where everyone "has at least two or three jobs," according to Bennett Zier who runs Clear Channel's operations in the area. "One station's program director regularly doubles up as the program director of another one, although the two stations may be broadcasting diametrically opposed music styles like rock n' roll versus bluegrass." The eight stations owned by Clear Channel in D.C. "are programmed by just four people."³⁵

Another element of Clear Channel's radio business strategy is the implementation of news out-sourcing alliances to compensate for its lean radio operations. In the Washington, DC area, for instance, Clear Channel does not have a news department. . It buys news reports from CNN Radio and has entered into an alliance with TV Channel 4 to air the TV station's news on its Washington, D.C. radio stations. When the Pentagon was attacked on September 11 Clear Channel radio did not have a local crew of reporters to cover the attack.. This prompted the company to establish the alliance with Channel 4. Although Clear Channel representatives said they had plans for a news department, they still have only three news staff-persons in that market."³⁶

Clear Channel's radio division operates 1,225 stations across the United States. In addition to the stations, this division includes the Premiere Radio Network (a network of over 100 syndicated stations), the New Music Network (an on-line network that showcases new and unsigned musical artists), and the Network Magazine Group (which publishes trade magazines for the radio industry). Clear Channel Radio also oversees a separate sales division, Clear Channel National Radio Sales.

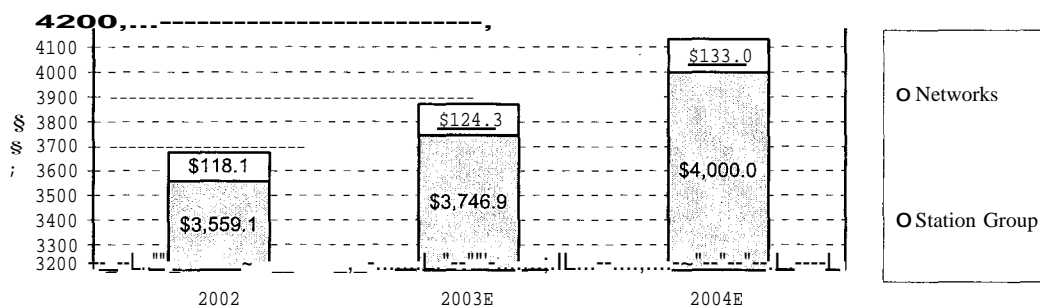
Clear Channel radio is divided into nine regions: Southeast, Central Region, Mid-south, Midwest, Southwest, Plains NW, West, Mid-Atlantic and Northeast. . Premiere Radio Networks, Inc., operates as a subsidiary of Clear Channel.. It syndicates more than 100 radio programs, and services more than 7,800 radio affiliates. Their programs reach over 180 million listeners weekly. Premiere Radio's talent pool includes: Rush Limbaugh, Dr. Laura Schlessinger, Jim Rome, Rick Dees, Casey Kasem, Dr. Dean Edell, Bob (Kevoian) & Tom (Grissold), Phil Hendrie, Leeza Gibbons, Michael Reagan, George Noory, Blair Gamer, and others. Premiere is based in Sherman Oaks, California with eleven offices nationwide.

³⁵ Farhi, Paul. Mega Hurts: Clear Channel's Big Radio Ways Are Getting a Lot of Static These Days. *The Washington Post*; May 29, 2002.

³⁶ *Ibid.*

CHARTS

Radio Segment Detail

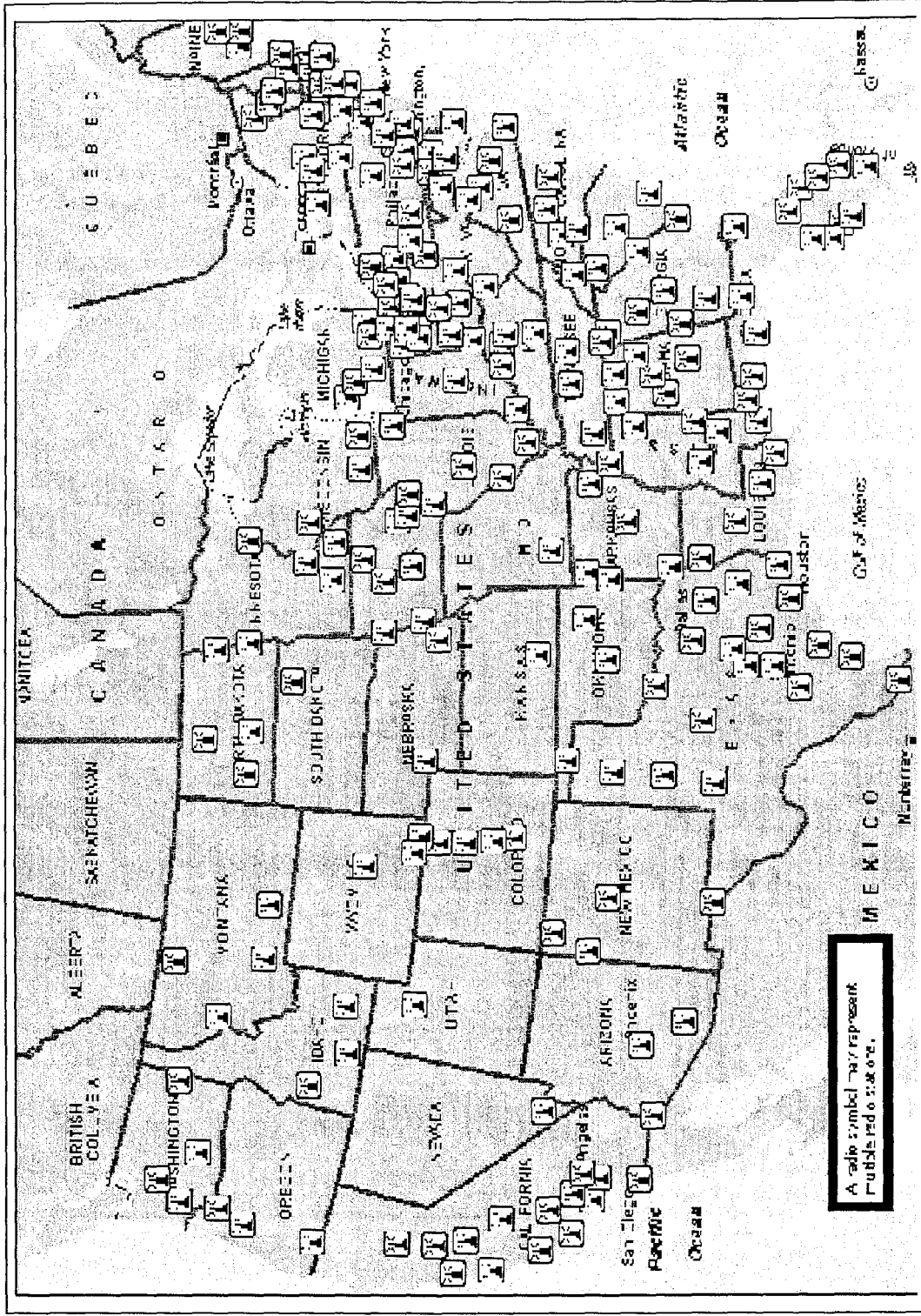


Source: Securities and Exchange Commission, Clear Channel, Inc. 10-K Filing for 2002 (Filed March 11, 2003).

The New Music Network is an Internet-based network overseen by Clear Channel's Radio Division. It allows artists to post their music free of charge on their network. Over 500 radio stations around the country actively promote the site.

Clear Channel also operates a magazine division that publishes trade magazines, which target radio station programmers and management. The Network Magazine Group publishes: *The Album Network*, *Network 40* and *Urban Network*. In 2001, the magazine division established A&R Network (annetwork.com), a subscription Web site dedicated to informing music industry professionals about quality unsigned artists.

Clear Channel Radio Stations (U.S.)



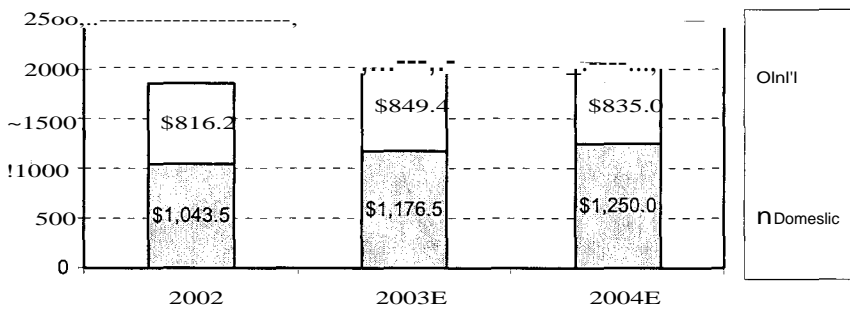
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CLEAR CHANNEL OUTDOOR

Clear Channel's outdoor (CCO) division claims to be the largest outdoor advertising company in the world. CCO has a presence in 52 U.S. markets, and reaches more than half the adults in the United States. This division oversees the rental and operation of Clear Channel's 716,000 out-of-doors displays, which include; traditional highway billboards, Times Square Spectacolor signs, taxi tops, convenience store posters, mobile truck panels, buses, train and airport advertising, and street furniture.

In all, Clear Channel owns 114,097 outdoor displays in the U.S., and says that they are able to reach about 75 percent of all Hispanics in the U.S.³⁷ Revenues for this business segment are generated from domestic sales to local and national advertisers as well as from advertising displays in 65 foreign countries in which the company owns 571,942 outdoor displays.³⁸

CHART 6 Outdoor Revenues



Source: Securities and Exchange Commission. *Clear Channel, Inc. 10-K Filing* (March 11,2003).

According to the Outdoor Advertising Association of America, outdoor advertising was up 0.8 percent for an industry total of \$5.2 billion in 2002.³⁹ However, the outdoor

advertising market did not successfully rebound from a dismal 2001 in which revenues fell from 2000.

Clear Channel's Outdoor division operates five holding companies:

- Clear Channel Airports owns displays in 21 airports in the U.S. and Canada.
- Clear Channel Taxi Media owns more than 23,000 Taxi panels in 12 major U.S. cities including: Atlanta, Phoenix, New York, Los Angeles, Philadelphia, San Francisco, Miami, Boston, Washington DC, Las Vegas, Orlando and Detroit.
- Clear Channel Spectacolor owns and operates 77 "super sign" billboards (large digital color displays) in the Times Square (NYC).
- Adshel is Clear Channel's street furniture division, which has more than 6,000 displays in 45 countries.

³⁷ Clear Channel, Inc. http://www.clearchannel.com/out_about.php

³⁸ Standard & Poor's. *Stock Reports and Corporate Actions*.

³⁹ Outdoor Advertising Association of America. <http://www.oaaa.org>

- Clear Channel Malls sells advertising space in nearly 400 malls in the U.S.

Clear Channel Outdoor Displays



CLEAR CHANNEL ENTERTAINMENT

Clear Channel Entertainment is the division that oversees various "groups" to carry out the production and marketing of Clear Channel's live entertainment events. Clear Channel estimates that they stage over 26,000 live events annually, including live concerts, Broadway productions, Broadway touring productions, West End productions (London), family entertainment, sports and motor sports, and television and film production. Clear Channel owns and/or manages 135 live entertainment venues across the country. The company also controls approximately 30 venues in Europe, primarily in England.

Clear Channel's concert business involves promotions, ticket sales, presentations and venue ownership. The company's original concert strategy was to leverage its national reach by booking the biggest artists for national tours and presentation at its venues. The goal was to attract national advertisers who would want to sign on as sponsors, "in part by natural promotional tie-ins with Clear Channel [radio] stations."⁴⁰

The company's live entertainment segment has not performed as executives had hoped. The segment's lackluster performance led to the resignation of the top two executives of the concert division. In order to boost profitability, Clear Channel's policy is to pay lower upfront fees to artists and book them at Clear Channel-owned venues.⁴¹

Still, Clear Channel is the number one concert promoter in the country. The company sold 30 million concert tickets in 2002, 23 million more than its closest competitor.⁴² As a result of Clear Channel's vertical integration, many blame the company for the dramatic increase in concert ticket prices. The company also profits from concessions and parking at its venues, and it has started selling CDs of live performances almost immediately after the concerts (as a way to extract additional profits from events).⁴³ To date the company insists that it is not interested in entering the music recording industry, however, this is exactly the kind of strategic move that Clear Channel is known for, and it poses a dire threat to The American Federation of Musicians' and the American Federation of Television and Radio Artists' sound recording agreements.

LIVE THEATER

Clear Channel entered the live entertainment business in 1999 when they purchased SFX Entertainment. Clear Channel purchased SFX for \$4.4 billion, which included \$3.3 billion in stock and \$1.1 in debt.⁴⁴ At the time analysts doubted the wisdom of the company entering this industry, and questioned whether live theater would add 'synergies' to the company's operations.⁴⁵ In 1999, SFX Theatrical Group was the number one Broadway touring company, and more than 16 million people attended its events. The company had more than 260,000

⁴⁰ Mathews, Anna Wilde and Ordonez, Jennifer. Clear Channel Concert Strategy is Revamped Amid Tough Market. *Wall Street Journal*, June 22, 2003.

⁴¹ *Ibid.*

⁴² Boehmert, Eric. Habla usted Clear Channel? *Salon.com*, 24 April 2003.

⁴³ Mirapaul, Matthew. Concert: CD's Sold on the Spot by a Radio Giant. *The New York Times*, May 5, 2003, p. C1.

⁴⁴ Deckard, Linda. Consolidation, National Tours Have Effect on Venues Over Past Year. *Amusement Business*; Vol. 112; Issue 51; p.30.

⁴⁵ Stifel, Nicolaus & Company, Inc. Clear Channel Communications. May 1, 2003.

subscribers for its theatrical productions, which was the largest subscription series in the U.S. The series covered 55 markets.⁴⁶

In its 1999 10-K filing, SFX boasted that its acquisition of The Ford Center for the Performing Arts (NYC), The Ford Center for the Performing Arts (Chicago) and the Cadillac Palace Theater (Chicago) made it a leading "player" in live theater. The company also had significant holdings in the UK. After acquiring Apollo Leisure, the U.K.'s largest theater operator, SFX controlled "three arenas and a network of 23 theaters in 11 markets. All of these became Clear Channel assets.,⁴⁷

Consistent with its overall business strategy of exercising extensive control over the market segments in which it operates, Clear Channel is a major player in the live theater industry. The company acts as both presenters (theater owners) and as producers (by investing in theatrical productions). This gives them two points of leverage, which the company is not shy about using. For Example, Clear Channel invests in "original Broadway productions as a lead producer or as a limited partner in productions produced by others." According to the company, these investments "frequently allow [Clear Channel] to obtain favorable touring and scheduling rights.,⁴⁸

For example, unionists who have negotiated with the League of American Theaters and Producers (a Broadway-based theater owner and producers group) attest that while Clear Channel is not a member of the League, the company sits in on the League's negotiations with the American Federation of Musicians (AFM), Actors' Equity Association (AEA) and The International Alliance of Theatrical Stage Employees (IATSE), among other Broadway-based unions. In effect, union representatives say that by virtue of its size and aggressiveness the company exercises a *de facto* veto power over virtually all negotiated labor agreements.

In the Broadway road tour business, Clear Channel is *the* dominant player, because it has successfully attained control of key areas of the industry including: presentation, booking, marketing, and production of shows. By having an integrated approach to the road tour production-distribution chain, the company is able to dictate terms to producers, theaters and workers. Clear Channel owns and/or operates more than 50 live venues theaters nationwide. These 50 constitute half of the top road tour venues in the country. In short, any road tour hoping to be successful is compelled to play Clear Channel venues. The company's power as producer and presenter means that the company can single-handedly determine the likely success of a tour, and also influence whether the tour can even take place.

⁴⁶ Securities and Exchange Commission. *SFX, Inc. ARS Filing* (Filed December 31, 1999.)

⁴⁷ *Ibid.*

⁴⁸ Securities and Exchange Commission. *Clear Channel, Inc. 2001 10-K Filing*; March 20, 2002.

Clear Channel Live Entertainment Venues

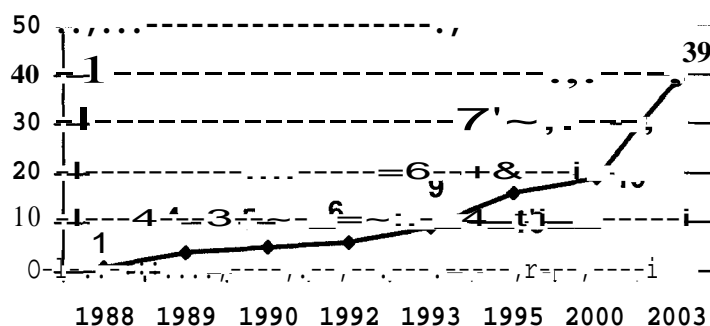


CLEAR CHANNEL TELEVISION

Clear Channel Television owns/operates 39 television stations representing 28 mid-sized markets. Growth of this segment has not been as consistent or as dramatic as in radio, however, since 1995, the company has more than doubled the number of TV stations that it controls (See Chart 7).

CHART 7

Clear Channel TV Station Ownership Growth



The stations are affiliated with the ABC, CBS, FOX, NBC, UPN, PAX and WB. Although Clear Channel owns a relatively small number of television stations compared to the industry's top TV groups, it is still among the top 15 TV groups in terms of audience reach. The company's TV stations reach almost nine percent of the U.S. TV homes.⁴⁹

As of this writing, Clear Channel has reached the ownership limit in radio. There is plenty of headroom for growth through acquisition in TV, since the company is well below the current FCC limit of 35 percent audience reach and the proposed 39 and 45 percent limits in TV. Accordingly, many industry observers believe that TV is an area for continued expansion. This will likely be contingent upon the amount of additional debt that the company is willing to carry.⁵⁰

Clear Channel owns a passive stake in Hispanic Broadcasting Corporation (HBC), the largest Hispanic radio network in the U.S. HBC recently merged with Univision Communications, the largest Hispanic television network in the country. Through this merger Clear Channel now owns 15.8 million shares of Univision. At the time of this writing, Univision had announced that it plans to buy back all shares held by Clear Channel.⁵¹

49 Miller, Mark, K and Trigoboff, Dan. Calm Before the Storm. *Broadcasting and Cable*, April 7, 2003; No. 14, Vol. 133; p. 27.

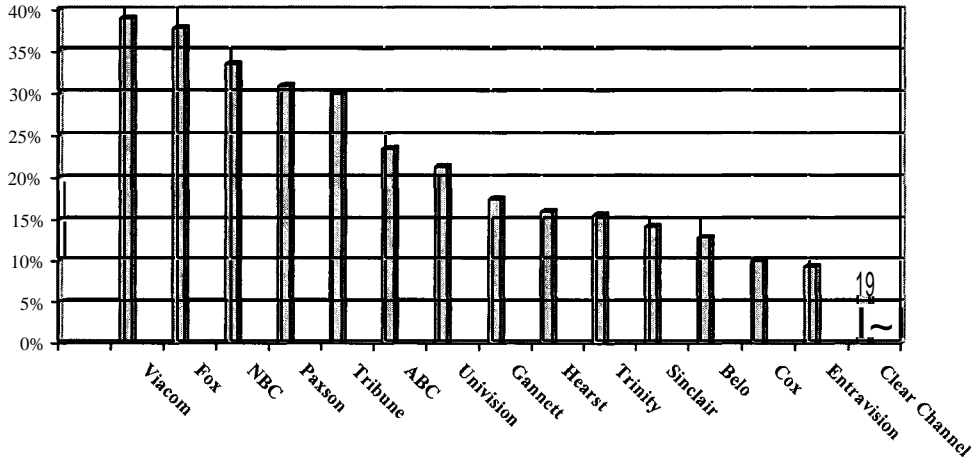
50 Labaton, Stephen. U.S. Court Blocks Plan to Ease Rule on Media Owners. *The New York Times*, September 4, 2003; McConnell, Bill. Court Slams Brakes on Ownership Dereg. *Broadcasting and Cable*, September 8, 2003.

51 Reuters. Univision to Sell Stock Buy Out Clear Channel, January 6, 2004

<http://www.reuters.com/newsSearchResultsHome.jhtml?qttype=a&position=1&query=clear+channel>

CHARTS

Top 15 Television Groups
Percent of U.S. TV Homes



Source: Miller Mark K. and Trigoboff, , Dan. Calm Before the Storm. *Broadcasting and Cable*. April 7, 2003

The Clear Channel Television Group is managed through a regional structure divided into six areas: Northwest, North Coast, Central Coast, Southwest, Southeast and Northeast. Additionally, the Clear Channel Television Group oversees Web Hopper, a high-speed Internet service (which utilizes broadband digital TV signals).

V. LABOR RELATIONS

Clear Channel's business model, which is based on providing low-cost media and entertainment services, has had a negative impact on employment and labor standards in the industry segments where the company operates. Clear Channel seeks overall labor cost reductions by consolidating operations and eliminating positions, introducing labor-saving technologies, seeking wage freezes and other concessions in negotiations with unions, and even pursuing union decertification.

IMPACT ON EMPLOYMENT AND LABOR STANDARDS

Because of its aggressive acquisition strategy, the number of people employed by Clear Channel has increased dramatically from just 1,354 in 1993 to over 41,000 full-time, year-round employees worldwide in 2002. Approximately 35,000 of these employees work in the company's U.S. operations and 6,800 work in its international operations. The company has a total of 800 management employees, which constitutes less than 2 percent of its workforce. The live entertainment operations hire as many as 20,000 seasonal employees during peak time periods. Including temporary employees, employment at Clear Channel can be as high as 55,000 worldwide.

TABLE 5

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Employees	1,354	1,549	1,779	2,195	4,007	7,650	13,356	20,041	36,200	41,800

Table 5 illustrates Clear Channel's employment growth since 1996, which is largely due to acquisitions. The dramatic increase in the number of employees shown on Table 5 hides the fact that Clear Channel's practices have actually reduced and threatened employment in its various business segments.

Employment Reduction Practices

Clear Channel's cost-cutting practices have resulted in a number of layoffs company-wide, affecting both management and non-management employees. Estimates of the number of job cuts at the company range from 1,500 to 4,500 over the last four years.⁵²

In the radio segment, Clear Channel has reduced staffing levels by centralizing operations regionally, implementing voice-tracking (airing of pre-recorded shows from one market

⁵² This numbers include estimates provided by AFTRA.

into multiple other markets), and by employing technology that enables programming of several radio stations from one location. In Chicago, six radio stations are run from one building.⁵⁷ In the Washington-Baltimore market, 8 stations are operated from one building and are programmed by just four employees.⁵⁸

The company also consolidates radio stations of the same format, which are located in the same region. For example, XTRAJAM of San Diego and KXTA/AM of Los Angeles were sports format stations that have been merged.⁵⁹ As a result of the job eliminations, remaining radio station employees are left with an increased number of tasks to perform.⁶⁰

The following are reported workforce cuts:

- 400 layoffs immediately following the acquisition of AMFM between November 2000 and March 2001.⁵⁷ According to the company, most of these layoffs occurred in marketing and accounting.
- 45 layoffs following consolidation of radio operations in the San Diego market between November 2001 and November 2002. Layoffs affected a wide range of classifications, from on-air talent to engineering, accounting and sales employees.⁵⁸ Similar cuts were implemented in other markets including Chicago and Washington-Baltimore. Workforce reductions were also implemented in Boston, San Francisco, and Cleveland. In the New York market, job cuts have concentrated in high-paid management positions.⁵⁹
- As part of its restructuring plans, Clear Channel closed some offices of SFX and AMFM and laid off 800 employees in 2002.⁶⁰

In Live Entertainment, many of Clear Channel's venues use the "virtual orchestra" technology, according to AFM representatives.⁶¹ This technology holds the potential to significantly reduce or even eliminate the employment of live performers, because the technology utilizes pre-recorded music tracks that can be controlled on a computer by a single operator.

⁵³ Turegano, Preston. Clear Channel Lays off 34 Workers. *The San Diego Union-Tribune*, November 21, 2002; p. C-2.

⁵⁴ Paul Farhi, Mega Hurts, Clear Channel's Big Radio Ways Are Getting a Lot of Static These Days. *The Washington Post*, May 29, 2002, p. C1.

⁵⁵ Turegano, Preston. Clear Channel Lays off 34 Workers

⁵⁶ Paul Farhi, Mega Hurts, Clear Channel's Big Radio Ways Are Getting a Lot of Static These Days.

⁵⁷ Rathbun, Elizabeth A. 400 out at new Clear Channel. *Broadcasting and Cable*, November 20, 2000.

⁵⁸ Turegano, Preston. Clear Channel Lays off 34 Workers

⁵⁹ Valerie Block, Clear Channel Ousts Top Execs at No. 1 Lite-FM as Sales Falter. *Crain's New York Business*, March 19, 2001; King, Angela et al, Radio Industry tries to Cope with Cutbacks. *Billboard*, December 8, 2001; Feder, Robert, Clear Channel Cuts Hit Bosses at WLIT, WNUA. *Chicago Sun-Times*, November 14, 2001, p. 67

⁶⁰ Hoover's Online, Clear Channel Communications Profile, December 2003.

⁶¹ Interview with representatives of AFM Local 802.

Impact on Pay Standards

In radio, Clear Channel's business model exerts significant pressure on competitors, who have also implemented job cuts or salary reductions. Many layoffs affecting on-air talent, support positions and management have taken place at Infinity, Fisher and Journal Broadcast. Emmis cut employee salaries across the board by 10 percent.⁶² Observers estimate that total layoffs in the radio industry have reached 10,000, with the bulk resulting from consolidation.⁶³

The negative impact of Clear Channel's job cuts on pay standards can be illustrated by a statement made by a manager from a competing radio station. The manager said, "When you have twice as many people looking for half as many jobs ...it reduces the price pressure on your [personnel] expenses."⁶⁴

According to industry observers, Clear Channel achieves significant savings by implementing voice-tracking, and thereby, eliminating on-air jobs and replacing them with board operation jobs that are paid as low as \$6 per hour.⁶⁵ According to AFTRA, the annual pay for a disc jockey recording programming for voice-tracking can be as low as \$6,000 per year in smaller markets. Sometimes this work is performed as a second job for disc jockeys, who receive average annual incomes of \$17,000 to \$20,000 in those markets.⁶⁶

In live entertainment, Clear Channel has started recording and selling "instant CDs" of live performances at the conclusion of shows. This strategy is designed to generate an additional revenue stream from each live performance.⁶⁷ Critics, on the other hand, worry that the "instant CD's" could undercut sales of CD's recorded under contract with recording labels. According to the AFM, because Clear Channel is not a bona fide recording label, this practice may undermine existing sound recording agreements between traditional record labels the AFM and AFTRA.

Many performing artists in the music industry have been negatively affected by Clear Channel's business practices. Because of its dominance in radio, venue ownership and concert promotion, this company is a gate-keeper within the music industry in the U.S. and, thereby, controls the "two gates that artists have to pass through to have a career in this industry," concert tours and radio play lists.⁶⁸ According to artists, the company has

⁶² King, Angela et al, Radio Industry Tries to Cope with Cutbacks.

⁶³ Spencer, Todd Radio Killed the Radio Star. *Salon.com*, October 1, 2002.

⁶⁴ Paul Farhi, Mega Hurts, Clear Channel's Big Radio Ways Are Getting a Lot of Static These Days.

⁶⁵ Bill Park, Greed and Power, The Spirit of Radio? *ProRec.com*, June 2001.

⁶⁶ Interview with Tom Carpenter, AFTRA National Director of News and Broadcast..

⁶⁷ Mirapaul, Mathew. Concert CDs Sold on the Spot by a Radio Giant, *The New York Times*, May 5, 2003;

⁶⁸ *ilr* Böehlert, Interview on National Public Radio's, Fresh Air, July 23, 2003.

leveraged its radio stations against the concert promotion business to coerce artists into using Clear Channel's promoters and performing at its venues.⁶⁹

Wages paid by Clear Channel to non-union stagehands and other technical employees in live entertainment, can be as low as \$6 per hour in Pittsburgh and San Francisco.⁷⁰ By comparison, the union rate for stagehands in Detroit is \$14 per hour plus pension and health benefits.⁷¹ In Indianapolis, where Clear Channel hired non-union stagehands to perform work traditionally done by union workers, the difference between union and non-union wages for stagehands is 25 to 30 percent.⁷²

UNIONIZATION

While estimating the number of Clear Channel workers who enjoy union representation presents difficulties, our research finds that there are collective bargaining agreements at approximately 81 of the company's geographically dispersed locations. This would represent an overall union density of between 5 and 10 percent, in terms of sites. There is union representation at 35 of the 1,239 Clear Channel radio stations, 5 of the 39 television stations, 17 of the 87 outdoor advertising sites, and 24 of the 106 live entertainment venues.

Table 6

Unionization at Clear Channel			
Division	Sites	Sites with Union Contracts	Percent of Sites
Radio	1,239	35	2.8%
TV	39	5	12.8%
Live Entertainment	106	24	22.6%
Outdoor Advertising	87	17	19.5%

The following is a list of unions that have or have had collective bargaining agreements with Clear Channel:

- Actors' Equity Association (ABA)
- American Federation of Musicians (AFM)
- American Federation of Television and Radio Artists (AFTRA)
- Association of Theatrical Press Agents & Managers (ATP AM)

⁶⁹ Lee, Jennifer. Radio Giant Defends Its Size at Senate Panel Hearing. *The New York Times*, January 31, 2003, p.C4; Leeds, Jeff. Clear Channel: an Empire Built on Deregulation. *Los Angeles Times*, February 25, 2002; p. C1.

⁷⁰ Sun-Sentinel.com, Teamsters Threaten to Pull Plug on Rolling Stones Concerts, November 6, 2002; Bill Park, Greed and Power. The Spirit of Radio? *ProRec.com*, June 2001.

⁷¹ NLRB, Delta-Turner, Case GR-7RC-22299, Detroit, MI, October 1, 2002.

⁷² Williams, Celeste. Union Pickets Music Festival Over Stage Setup. *Indianapolis Star*, July 6, 2002.

- Communication Workers of America (CWA)
- Hotel and Restaurant Employees Union (HERE)
- International Alliance of Theatrical Stage Employees (IATSE)
- International Association of Machinists (IAM)
- International Brotherhood of Teamsters (IBT)
- International Brotherhood of Electrical Workers (IBEW)
- International Union of Painters and Allied Trades (IUPAT)
- Laborers' International Union of North America (LIUNA)
- Screen Actors Guild (SAG)
- Service Employees International Union (SEW)
- Sheet Metal Workers International Association (SMW)

UNIONIZATION IN RADIO

The unions holding collective bargaining agreements at 35 Clear Channel radio stations include AFTRA, IATSE, IBT and IBEW. Table 6 provides information for the unionized sites identified.

Unionization within Clear Channel radio concentrates in the major markets and primarily involves high profile employees such as announcers and radio personalities. These union members gave AFTRA considerable leverage in its most recent contract campaign against Clear Channel in New York.

TABLE 7

Radio Station/Site	Market/City	State	Bargaining Unit Sites	Union
<i>KBIG-FM</i>	Los Angeles	CA	10	AFTRA
<i>KCMG-FM</i>	Los Angeles	CA	N/A	AFTRA
<i>KFI-AMIKOST-FM</i>	Los Angeles	CA	36	AFTRA
<i>KIIS-FMIKXTA-AM</i>	Los Angeles	CA	32	AFTRA
<i>KKBT-FM</i>	Los Angeles	CA	21	AFTRA
<i>KLAC-AM</i>	Los Angeles	CA	5	AFTRA
<i>KYSR-FM</i>	Los Angeles	CA	N/A	AFTRA
<i>KABL-AMIKISO-FM</i>	San Francisco	CA	19	AFTRA
<i>WASH-FM</i>	Washington-Baltimore	DC,MD	14	AFTRA
<i>WCAO-AM</i>	Washington-Baltimore	DC,MD	4	AFTRA
<i>WITH-FM</i>	Washington-Baltimore	DC,MD	14	AFTRA
<i>WMZQ-FM</i>	Washington-Baltimore	DC,MD	13	AFTRA

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<i>WTEM-AM</i>	Washington-Baltimore	DC,MD	15	AFTRA
<i>WTNT-AM</i>	Washington-Baltimore	DC,MD	1	AFTRA
<i>WWDC-FM</i>	Washington-Baltimore	DC,MD	11	AFTRA
<i>WWRC-AM</i>	Washington-Baltimore	DC,MD	N/A	AFTRA
<i>WNUA-FM</i>	Chicago	IL	8	AFTRA
<i>WVAZ-FM</i>	Chicago	IL	14	AFTRA
<i>WAXQ-FM</i>	New York	NY	15	AFTRA
<i>WHTZ-FM</i>	New York	NY	15	AFTRA
<i>WKTU-FM</i>	New York	NY	20	AFTRA
<i>WLTW-FM</i>	New York	NY	15	AFTRA
<i>WWPR-FM</i>	New York	NY	20	AFTRA
<i>WDASAM FM</i>	Rochester	NY	N/A	IBT
<i>WLW-FM</i>	Cincinnati	OR	N/A	IATSE
<i>KEX-AMIKEWS</i>	Portland	OR	33	AFTRA
<i>WIOO-FM</i>	Philadelphia	PA	13	AFTRA
<i>WBGGM-AM</i>	Pittsburgh	PA	6	AFTRA
<i>WDVE-FM</i>	Pittsburgh	PA	13	AFTRA
<i>WJJJ-FM</i>	Pittsburgh	PA	3	AFTRA
<i>WKST-FM</i>	Pittsburgh	PA	3	AFTRA
<i>WWSW-FM</i>	Pittsburgh	PA	12	AFTRA
<i>WDIA-AM 1070</i>	Memphis	TN	10	IBEW
<i>WUBT-FM</i>	Nashville	TN	N/A	AFTRA
<i>KELA-AM</i>	Centralia	WA	N/A	IBEW

Sources: American Federation of Television and Radio Artists, Contracts Database, www.aftra.org; Interview with Thomas R. Carpenter, AFTRA National Director of News & Broadcast; American Federation of Labor-Congress of Industrial Organizations, Unicore Database, July 2003.

UNIONIZATION IN TELEVISION

In television, which is considered an area of potential growth for Clear Channel, there is union representation at only 5 of the 39 stations currently owned/operated by the company.

TABLE 8

Station	City	State	Union(s)
KCOY-TV	Santa Maria	CA	CWA
WIXT-TV	Syracuse	NY	CWA(NABET LL 211), IBT
WORK-TV	Rochester	NY	IBT
WKRC-TV	Cincinnati	OR	AFTRA
WISN-TV	Milwaukee	WI	IATSE,IBEW

Sources: American Federation of Television and Radio Artists, Contracts Database, www.aftra.org; Interview with Thomas R. Carpenter, AFTRA National Director of News & Broadcast; American Federation of Labor-Congress of Industrial Organizations, Unicore Database, July 2003.

UNIONIZATION IN OUTDOOR ADVERTISING

In the outdoor division, which includes construction and maintenance of billboards and other types of displays, most of the job titles represented are electricians and painters. This research identified collective bargaining agreements at the following 17 sites.

TABLE 9

Employer	City	State	Bargaining	Establishment	Union(s)
			Units (~) Size	Size	
Eller Media	Phoenix	AZ	15	17	IUPAT LL 1610
Eller Media Company	Los Angeles	CA	25	10	IBT LL986
			2	10	IBT LL 542
Eller Media Co	Oakland	CA	14	N/A	IBT LL 853
Eller Media Company	Wilmington	DE	12	30	IUPAT LL 1159
Eller Media Co	Chicago	IL	9	104	IAM 1, 701, IUPAT 1, 830

Eller Media Company Transportation Media Division	Boston	MA	2	2	IUPATDC 35
Ackerley Media Group Inc	Stoneham	MA	N/A	5	IBEW, IUPAT
Eller Media Company (Minneapolis/St Paul)	Minneapolis	MN	3	69	IUPAT L. 880
			14	69	SMW L. 10
Transportation Media Inc	New York	NY	N/A	11	IATSE
Eller Media Company	Canton	OR	9	9	IUPAT L. 639
Eller Media Co Cleveland	Cleveland	OR	12	24	IUPAT L. 639
Clear Channel Outdoor	Columbus	OR	N/A	50	IBT
Eller Media	Parma	OR	14	14	IUPAT L. 639
Eller Media Company (aka Revere National Corp)	Philadelphia	PA	12	90	IBEWL. 380
			22	90	IUPAT DC 21
			13	90	SMW L. 194
Eller Media Company	Arlington	TX	40	70	IUPAT L. 756
Ackerley Group	Seattle	WA	N/A	50	IAM, IBT, IUPAT, LIUNA
Eller Media Company	Pewaukee	WI	5	50	DALU* L. 3049

Sources: Food and Allied Service Trades, AFL-CIO, [Labor Database](#), January 2003; American Federation of Labor-Congress of Industrial Organizations, [Unicore Database](#), July 2003.

*DALU: Directly Affiliated Local Union (AFL-CIO).

UNIONIZATION IN LIVE ENTERTAINMENT

Unions representing employees in this division include AEA, AFM, ATP AM, IATSE, IBT, HERE and SEIU. Employees include ticket sellers, musicians, stagehands, actors, concessionaires, building service and maintenance workers. Determining union representation in Clear Channel's live entertainment operations is a complicated task because of various factors. Even though this company is the owner/operator of the venues, the event promoter and in many cases the investor in the production of touring plays, the collective bargaining agreement may not be held by Clear Channel because it is not the entity that directly employs the talent and/or the technical staff.

In the case of stagehands, the direct employers often are small independent contractors hired by the concert promoter or the venue owner/operator. Nonetheless, in at least two cases, the NLRB decided that the venue operator was the employer or the joint employer of the stagehands.⁷⁷ In addition, many venues house traveling shows that bring their own cast and crew, which may or may not be unionized.

The below listings include venues owned and/or operated, and/or exclusively booked by Clear Channel. Union representation in those sites indicates the existence of collective bargaining agreements with the entity directly hiring the unionized employees. This entity may or may not be Clear Channel.

Theatrical Division Venues

Eight of the 13 venues that Clear Channel classifies as theatrical venues have union representation.

TABLE 10

Venue	Market/City	State	Venue Size (# of seats)	Union(s)
Morris Mechanic Theater	Washington-Baltimore	DC,MD	1,568	IATSE Local 1913
Warner Theater	Washington-Baltimore	DC,MD	3,800	IATSE Local 22
Ford Center Theatre for the Performing Arts	Chicago	IL	2,149	IATSE
Schubert	Chicago	IL	1,870	IATSE
Colonial Theatre	Boston	MA	1,704	IATSE
Wilbur Theater	Boston	MA	2,700	IATSE
Ford Center for Performing Arts	New York	NY	1,812	AEA, AFM Local 802, IATSE Local 11
Merriam	Philadelphia	PA	1,870	IATSE Local 8

⁷³ NLRB, *Crews Unlimited*, Case No. 34-RC-1841, Hartford, CT, 8/18/00; NLRB, *Delta-Turner, LTD*, Case GR-7-RC-22299, Detroit, MI, 10/1/02.

Music Division

Union representation has been determined for 16 of the 92 venues that Clear Channel classifies as music venues.

TABLE 11

Venue	Market/City	Type Of Venue	Venue Size (#ofSeats)	Unions
Fleet Boston Pavilion	Boston, MA	Amphitheater	5,000	IATSE Local 753
Riverbend Amphitheatre	Cincinnati, OH	Amphitheater	19,000	IATSE Local 864
Taft Theater	Cincinnati, OH	Theater	2,458	IATSE Local 864
CTNow.com (Oakdale)	Oakdale, CT	Theater	4,800	AFM,HERE
Murat Theatre	Indianapolis, IN	Theater	2,700	IATSE Local 30
Glen Helen Blockbuster Pavilion	San Bernardino, CA	Amphitheater	25,000	IATSE
Wiltern	Los Angeles, CA	Theater	2,200	IATSE Local 33
Target Center	Minneapolis, MN	Arena	20,000	HERE 17
PNC Bank Arts Center	Holmdel, NJ	Amphitheater	17,500	IATSE Local 751
Roseland Ballroom	New York, NY	Theater	3,600	AFM,HERE
Westbury Music Fair	Westbury, NY	Theater	2,870	AFM,HERE
Beacon Theater	New York, NY	Theater	2,849	IATSE Local 1
Electric Factory	Philadelphia, PA	Club	3,000	IBT Local 107
I.C. Light Amphitheater	Pittsburg, PA	Amphitheater	4,235	IATSE Local 3 ⁷⁴
San Diego Sports Arena	San Diego, CA	Arena	14,500	SEIU Local 2028
Merriweather-Post Pavilion	Columbia, MD	Amphitheater	18,000	IATSE Local 19

Sources: Food and Allied Service Trades, AFL-CIO, Labor Database, January 2003; clearchannel.com

⁷⁴ Park, Bill. Greed and Power, The Spirit of Radio?, ProRec.com, June 2001. The collective bargaining agreement is with Main Event Services.

UNION EXPERIENCE: ORGANIZING AND COLLECTIVE BARGAINING

Clear Channel's history of organizing and collective bargaining is relatively short. Many of the local unions representing employees at sites recently acquired by Clear Channel have just gone into their first negotiations with this employer. New organizing has been limited, and the outcome of the most recent elections was not known at the time of completion of this report.

Because Clear Channel operates in apparently unrelated business segments, its workers are represented by multiple local and national unions that engage in collective bargaining and/or organizing separately from one another. These unions may not share information regarding their experience with the company. For instance, unions in the outdoor advertising segment may not have direct knowledge of the labor relations history of Clear Channel in live entertainment or radio.

Bargaining Experience

In evaluating their bargaining experience with Clear Channel, union leaders agree that negotiations with this employer have been difficult, although a few union representatives expressed having a positive relationship with their regional and local management counterparts. For many union leaders, Clear Channel's labor relations goal is to diminish the relevance of existing collective bargaining agreements by introducing business and employment practices that effectively dilute such agreements and undermine pay standards.⁷⁵

- In its 2002 negotiations with the New York Local of AFTRA, Clear Channel introduced proposals to have the right to air pre-recorded shows with announcers from another markets (voice-tracking), thereby threatening union jobs. AFTRA successfully defeated the proposals after several months of member mobilization and outreach to the public.
- Even though Clear Channel is not a signatory to the master agreements for Broadway shows, it attends negotiations between individual Broadway-based unions and their counterpart, the League of American Theatres and Producers (the League). Representatives from AFM Local 802 (the union representing musicians in New York) and AEA (the union representing Broadway actors) agree that both Clear Channel and Disney play an influential role in labor negotiations on Broadway. Since these two corporations entered the industry, unions perceive an increase in pressure from employers during negotiations to contain labor costs. In their latest negotiations with the League, AFM Local 802 went on strike to defeat proposals to eliminate staff minimums. The union also faced strong pressure from employers to reduce employment in music preparation."

⁷⁵ Interviews with AFTRA, AFM and AEA representatives.

⁷⁶ Interview with representatives of AFM Local 802.

- In their 2002 negotiations with Clear Channel Entertainment, employees represented by IATSE Local 868 engaged in a nearly week-long strike at the Morris Mechanic Theater in Baltimore, before reaching a settlement. The contentious issues included Clear Channel's proposals for a three-year wage freeze on top of an existing three-year wage freeze, and permission to have non-bargaining unit personnel perform bargaining unit work."
- Stagehands represented by IATSE Local 3 also engaged in a strike during their negotiations at the I.C. Light Amphitheater in Pittsburgh, PA.. Clear Channel owns this venue and the concert production company that handles the events, but the labor agreement is held by independent contractor Main Event Services. There is a similarity between this case and the Broadway bargaining experience in that it is generally perceived that Clear Channel exerts considerable influence on the management side of the negotiation table despite the fact that it is not a signatory."

Unfair Labor Practices

Several unions have filed charges that Clear Channel has committed violations of the National Labor Relations Act at multiple sites in its broadcasting, live entertainment and outdoor advertising segments. Fifty-five Unfair Labor Practice (ULP) charges were filed against Clear Channel and its subsidiaries between January 1999 and October 2002 (See Table 11).

Many of the ULP's involved multiple allegations. Forty-one of them involved allegations of Clear Channel's refusal to bargain in good faith. Thirty-one involved allegations of interference with the rights of employees to engage in union activities, and fourteen involved allegations of discrimination against employees because of their union activity.

At least two ULP charges filed against Clear Channel involved the use of new technology without union authorization. One of the two ULP's charged that Clear Channel began simulcasting its radio programs over the Internet. The other ULP charged that the company violated the union contract by implementing voice-tracking of Los Angeles programming at New York-based WWPR-FM. In both cases the NLRB ruled that the company had indeed violated the NLRA.⁷⁹

⁷⁷ International Alliance of Theatrical Stage Employees, Moving Picture Technicians, Artists and Allied Crafts, Settlement Reached Between IATSE Local 868 and Clear Channel Entertainment, Press Release, October 7, 2002.

⁷⁸ Bill Park, Greed and Power. The Spirit of Radio, ProRec.com, June 2001.

⁷⁹ Gallagher, David F. Turning a Digital Database Into Local Radio. *The New York Times*, February 3, 2003; p. C6; National Labor Relations Board, *Clear Channel Communication, DBA WKTU-FM*, Case 22-CA-24995, Office of the General Counsel, Region 22, July 11, 2002.

Decertifications

The company has sought decertification of represented units in outdoor advertising and radio. In the outdoor advertising segment, Clear Channel encouraged union decertification in several cities, including Washington (DC), Houston, Los Angeles, San Diego, Chicago and Portland (OR), according to the Zinser law firm that claims to have assisted Clear Channel in the decertifications.⁸⁰ At the Washington, DC site, Clear Channel successfully campaigned to decertify the IUPAT Local 1937 in early 2002.⁸¹ The company later consolidated its DC and Baltimore, MD operations by closing the DC and Baltimore sites and opening a new facility in Laurel, MD.

Both the DC and Baltimore sites became Clear Channel operations through the acquisition of Eller Media. The IBEW had represented workers at the Baltimore site for ten years, and petitioned for an election at the new facility in early 2003. Clear Channel tried to prevent the election arguing that there was no community of interest between the two groups of employees, and that the former DC workers had already voted against union representation.⁸² The NLRB decided that the election should take place, but to date the outcome has not been settled. Clear Channel also sought and obtained decertification of AFTRA at a radio station in Albany, NY.⁸³

⁸⁰ The Zinser Law Firm, *LawLight*, February 2002, Vol. 14, Number 2; and Sept 03, Vol. 15, Number 9, www.zinserlaw.com

⁸¹ Food and Allied Service Trades, AFL-CIO, *Labor Database*, January 2003; The Zinser Law Firm, *Lawlight*, February 2002, Vol. 14, Number 2.

⁸² NLRB, *Clear Channel Outdoor*, Case 5-RC-15521, Washington, DC, March 6, 2003.

⁸³ Interview with Thomas Carpenter, AFTRA National Director of News and Broadcast.

LIST OF UNFAIR LABOR PRACTICE CHARGES FILED AGAINST CLEAR CHANNEL AND ITS SUBSIDIARIES
FROM JANUARY 1999 TO OCTOBER 2002

TABLE 12

Docket	NLRB Region	Employer	City	State	Date Charge Filed	Date Last Action	Date Closed	Allegation	Charging Party	Respondent	Workers Employed
33940-001	10	Clear Channel Entertainment	Pelham	AL	9/6/2002	N/A	N/A	8(a)(1), 8(a)(3)	An Individual	Clear Channel Entertainment	200
25310-001	31	Clear Channel Communications	Burbank	CA	10/11/2001	10/11/2001	10/17/2001	8(a)(1), 8(a)(3)	AFTRA, Los Angeles	Clear Channel Communications	2
25424-001	31	Clear Channel d/b/a Capstar	Glendale	CA	11/8/2002	N/A	N/A	8(a)(1), 8(a)(5)	AFTRA, Los Angeles	Clear Channel d/b/a Capstar	7
25751-001	31	Clear Channel, Inc. d/b/a Capstar	Glendale	CA	6/11/2002	N/A	N/A	8(a)(1), 8(a)(5)	AFTRA, Los Angeles	Clear Channel, Inc. d/b/a Capstar	25
25890-001	31	Clear Channel	Los Angeles	CA	8/27/2002	N/A	N/A	8(a)(1)	Miscellaneous Warehousemen, Drivers and Helpers, Local 986	Clear Channel	25
29909-001	20	AMFM Inc	Sacramento	CA	11/20/2000	11/20/2000	11/30/2001	8(a)(1)	An Individual	AMFM Inc.	145
30663-001	20	Clear Channel Radio d/b/a KABL-AM	San Francisco	CA	5/8/2002	N/A	N/A	8(a)(5)	AFTRA	Clear Channel Radio d/b/a KABL-AM	25

Docket	NLRB Region	Employer	City	State	Date Charge Filed	Date Last Action	Date Closed	Allegation	Charging Party	Respondent	Workers Employed
28431-001	04	Eller Media	Wilmin gton	DE	7/27/1999	7/27/1999	11/9/1999	8(a)(1)	David Pruino	N/A	12
28468-001	04	Eller Media Co.	Wilmin gton	DE	8/6/1999	8/6/1999	9/30/1999	8(a)(1)(5)	Painters L.1159	N/A	20
28505-001	04	Eller Media Co.	Wilmin gton	DE	8/23/1999	8/23/1999	11/2/1999	8(a)(1)(3)	Painters L.1159	N/A	20
28257-001	04	Eller Media Com pany	Wilmin gton	DE	6/2/1999	6/2/1999	11/9/1999	8(a)(1)	Painters L.1159	N/A	20
28645-001	04	Eller Media Com pany	Wilmin gton	DE	10/5/1999	10/5/1999	10/8/1999	8(a)(1)(5)	District Council 21	N/A	50
21224-001	12	SFX Theatrical Grou p	Ft. Lauderdale	FL	12/7/2000	12/7/2000	12/19/2000	8(a)(1)	South Florida Musicians Association, Local 655, AFM	SFX Theatrical Grou p	10,000 ⁸⁴
39731-001	13	Clear Channel Communications/ WKSC-FM	Chica go	IL	10/18/2001	10/18/2001	N/A	8(a)(5)	AFTRA - Chicago Local	Clear Channel Communications /WKSC-FM	50
39581-001	13	Eller Media Grou p	Chicago	IL	8/14/2001	8/14/2001	9/10/2001	8(a)(5)	Sign, Display, Pictoral Artists & Allied Workers Local 830	Eller Media Grou p	6

⁸⁴ This number may indicate the total number of employees at SFX Entertainment, both union and non-union. SFX Entertainment is a subsidiary of the Clear Channel Entertainment Division.

Docket	NLRB Region	Employer	City	State	Date Charge Filed	Date Last Action	Date Closed	Allegation	Charging Party	Respondent	Workers Employed
28302-001	25	Broadway Series Association, Inc. Division of Clear Channel Entertainment	Louisville	KY	7/30/2002	N/A	N/A	8(a)(5)	IATSE Loca130	Broadway Series Association, Inc. Division of Clear Channel Entertainment	150
29531-001	05	Eller Media Company, Inc.	Cottage City	MD	2/21/2001	2/21/2001	8/24/2001	8(a)(1), 8(a)(2),	IUPAT, District Council No. 51	Eller Media Company, Inc.	50
30344-001	05	Clear Channel Outdoor	Laurel	MD	4/8/2002	6/28/2002	N/A	8(a)(5)	IBEW, Local 24	Clear Channel Outdoor	12
30453-001	05	Clear Channel Outdoor	Laurel	MD	5/15/2002	N/A	7/23/2002	8(a)(3), 8(a)(5)	IBEW, Local 24	Clear Channel Outdoor	12
30228-001	05	Clear Channel Outdoor, Inc.	Laurel	MD	2/11/2002	N/A	2/28/2002	8(a)(5)	IUPAT, District Council 51	Clear Channel Outdoor, Inc.	7
15930-001	18	SFX Target Center Arena Management, LLC	Minneapolis	MN	3/7/2001	6/27/2001	N/A	8(a)(5)	IATSE Local 13	SFX Target Center Arena Management, LLC	130
25511-002	14	Jacor Broadcasting of St. Louis	St. Louis	MO	6/10/1999	6/10/1999	7/26/1999	8(a)(1)(3)	AFTRA	N/A	10

Docket	NLRB Region	Employer	City	State	Date Charge Filed	Date Last Action	Date Closed	Allegation	Charging Party	Respondent	Workers Employed
4995-01	22	Clear Channel Communications, Inc. d/b/a WKTU-FM	Jersey City	NJ	1/24/2002	The NLRB issued a complaint on 7/11/2002	N/A	8(a)(5)	AFTRA, New York Local	Clear Channel Communications Inc. d/b/a WKTU-FM	50
2927-01	03	Clear Channel Communications, Inc.	Albany	NY	2/16/2001	4/18/2001	7/19/2001	8(a)(1), 8(a)(5)	AFTRA	Clear Channel Communications Inc.	12
2214-01	03	Clear Channel Communications, Inc. d/b/a WXXA	Albany	NY	11/5/1999	11/5/1999	1/31/2000	8(a)(1)	Kenneth Salzman	N/A	100
4388-01	02	Clear Channel Communications	New York	NY	2/15/2002	N/A	3/4/2002	8(a)(5)	Local 18A-28A	Clear Channel Communications	10
4631-01	02	Clear Channel Communications - New Rochelle, N.Y.	New York	NY	5/22/2002	N/A	7/30/2002	8(a)(1), 8(a)(5)	Local 8A-28A	Clear Channel Communications - New Rochelle, N.Y.	10
4323-01	02	Clear Channel Communications, Inc. d/b/a WTJM-FM	New York	NY	1/23/2002	N/A	N/A	8(a)(5)	AFTRA, New York Local	Clear Channel Communications Inc. d/b/a WTJM-FM	50

Docket	Region	Employer	State	Charge	Action	Imp	Legation	Charging	Respondent	Workers Employed	
34761-001	02	Clear Channel Communications, Inc. <i>dbla</i> WWPR-FM (formerly WTMJ-FM)	New York	NY	7/19/2002	9/30/2002	N/A	8(a)(5)	AFTRA, New York Local	Clear Channel Communications Inc. <i>dbla</i> WWPR-FM (formerly WTMJ-FM)	N/A
25294-001	22	Clear Channel Outdoor, Inc. <i>dbla</i> Clear Channel Airport Newark	New York	NY	7/19/2002	N/A	9/25/2002	8(a)(5)	Local 137, Sheet Worker's International Association	Clear Channel Outdoor, Inc. <i>dbla</i> Clear Channel Airport Newark	3
32892-001	02	Eller Media, Inc.	New York	NY	3/27/2000	3/27/2000	8/24/2000	8(a)(1)(3)	Local 8a-28a, IUPAT	N/A	12
33586-001	02	Eller Media, Inc.	New York	NY	2/13/2001	2/13/2001	3/20/2001	8(a)(5)	Local 8a-28A	Eller Media, Inc.	10
31552-001	08	Eller Media Company Akron Canton (II)	Canton	OH	5/2/2000	5/2/2000	8/17/2000	8(a)(1)(5)	Painters Local 639	N/A	10
33227-001	08	Clear Channel Outdoor	Parma	OH	3/20/2002	N/A	4/26/2002	8(a)(5)	Local 3042, Service Employees International Union	Clear Channel Outdoor	6

Docket	NLRB Region	Employer	City	State	Date Charge Filed	Date Last Action	Date Closed	Allegation	Charging Party	Respondent	Workers Employed
33418-001	08	Clear Channel Outdoors	Parma	OR	6/3/2002	N/A	7/31/2002	8(a)(5)	Painters and Allied Trades, Local 639	Clear Channel Outdoors	15
31061-001	08	Eller Media (II)	Parma	OR	9/30/1999	9/30/1999	8/25/2000	8(a)(1)(5)	Service Employees Local 304	N/A	7
31553-001	08	Eller Media (II)	Parma	OR	5/2/2000	5/2/2000	N/A	8(a)(1)(5)	Painters Local 639	N/A	50
31729-001	08	Eller Media (II)	Parma	OR	7/12/2000	7/12/2000	N/A	8(a)(1)(5)	Painters Local 639	N/A	50
31983-001	08	Eller Media Company (Cleveland)	Parma	OR	10/26/2000	5/17/2001	N/A	8(a)(1), 8(a)(5)	IUPAT, Local 639	Eller Media Company (Cleveland)	50
32029-001	08	Eller Media Company (Cleveland)	Parma	OR	11/21/2000	5/17/2001	N/A	8(a)(1), 8(a)(3)	IUPAT Local 639	Eller Media Company (Cleveland)	50
32166-001	08	Eller Media Company (Cleveland)	Parma	OR	11/31/2001	1/31/2001	4/26/2001	8(a)(5)	IUPAT Local 639	Eller Media Company (Cleveland)	50
32216-001	08	Eller Media Company (Cleveland)	Parma	OR	2/22/2001	5/17/2001	N/A	8(a)(3), 8(a)(5)	IUPAT Local 639	Eller Media Company (Cleveland)	50

Docket	NLRB Region	Employer	City	State	Date Charge Filed	Date Last Action	Date Closed	Allegation	Charging Party	Respondent	Workers Employed
32315-001	08	Eller Media Company (Cleveland)	Parma	OR	3/30/2001	3/30/2001	4/24/2001	8(a)(5)	IUPAT Local 639	Eller Media Company (Cleveland)	50
32430-001	08	Eller Media Company (Cleveland)	Parma	OR	5/24/2001	5/24/2001	7/25/2001	8(a)(3), 8(a)(5)	IUPAT Local 639	Eller Media Company (Cleveland)	50
31266-001	08	Eller Media Company (Cleveland) II	Parma	OR	1/20/2000	1/20/2000	N/A	8(a)(1)(3)(5)	Service Employees Union Local 3042	N/A	7
31546-001	08	Eller Media Company (Cleveland) II	Parma	OR	4/28/2000	4/28/2000	N/A	8(a)(1)(3)(5)	Service Employees Union Local 3042	N/A	3
31657-001	08	Eller Media Company (Cleveland) II	Parma	OR	6/16/2000	6/16/2000	7/17/2000	8(a)(1)(5)	Painters Local 639	N/A	50
31858-001	08	Eller Media Company (Cleveland) II	Parma	OR	8/31/2000	8/31/2000	N/A	8(a)(1)(4)(5)	Service Employees Local 304	N/A	5
31379-001	08	Eller Media Company (Cleveland) II	Parma	OR	2/29/2000	2/29/2000	N/A	8(a)(1)(3)(5)	Service Employees Union Local 3042	N/A	7

Docket	NLRB Region	Employer	City	State	Date Charge Filed	Date Last Action	Date Closed	Allegation	Charging Party	Respondent	Workers Employed
31385-001	08	Eller Media Co. (Cleveland) III	Parma	OR	3/2/2000	3/2/2000	N/A	8(a)(1)(3)(5)	Painters Local 639	N/A	50
32999-001	08	Eller Media Company (Cleveland) aka Clear Channel Outdoor	Parma	OR	12/18/2001	N/A	2/25/2002	8(a)(3)	An Individual	Eller Media Co. (Cleveland) aka Clear Channel Outdoor	10
28263-001	04	Eller Media Co.	Philadel phia	PA	6/4/1999	6/4/1999	11/9/1999	8(a)(1)(5)	Painters L.1159	N/A	40
28402-001	04	Eller Media Co.	Philadel phia	PA	7/16/1999	7/16/1999	11/9/1999	8(a)(1)(5)	Painters L.1159	N/A	40
30954-001	06	Clear Channel Communications, Inc.	Pittsbur gh	PA	10/29/1999	10/29/1999	2/23/2000	8(a)(1)(5)	AFTRA Pittsbur gh Local	N/A	25
14684-001	30	Eller Media Com pany	Pewaukee	WI	4/1/1999	4/1/1999	4/27/1999	8(a)(1)(5)	Sign Display and Screen Process L. 770	N/A	40

Key for Allegation codes

8(a)(1): Interference with employees' right to organize or bargain collectively.

8(a)(2): Dominate or interfere with organizing or union administration or contribute financially or otherwise to it.

8(a)(3): Discrimination against employee(s) based on union activity.

8(a)(4): Discrimination against employee(s) because they have given testimony under the NLRA.

8(a)(5): Refusal to bargain in good faith.

SOURCES: Food and Allied Service Trades, AFL-CIO, Labor Database, January 2003; NLRB Decisions, www.nlr.gov.

(i.) National Labor Relations Board, Office of the General Counsel, Advice Memorandum, July 11, 2002.

VI. REGULATORY FRAMEWORK

The regulatory environment created by the Telecommunications Act of 1996 has benefited Clear Channel to the extent that it has now grown to nearly five-times the size of its nearest competitor in radio. Since 1996, the company has gone from 43 stations to more than 1,200. With Clear Channel as a glaring example of what deregulation can bring, the FCC's most recent round of deregulation drew fire from a broad swath of interest groups - including AFTRA, NOW and the NRA.

Surprisingly, the changes were assailed by outraged citizens as well.. The FCC received 750,000 comments before it voted to change the ownership rules. Over 99 percent of those who flooded and even crashed the FCC's computers were against further deregulation. While the changes affect different players in different ways the upshot is that:

"On June 2, 2003, by a vote of 3 to 2, the Federal Communications Commission approved new regulations that will allow one corporation to own up to three television stations, eight radio stations, a daily newspaper, and a cable franchise in more than 100 cities in the Us."⁸⁵

The June 2,2003 rewrite of the FCC rules allows further deregulation of television station ownership, but restricts ownership of radio stations. This has raised concerns among smaller radio groups. For instance, smaller radio groups are beginning to complain that because of the new rules they will not be able to grow by acquisition the way Clear Channel did. The new regulations will also block Clear Channel's ability to grow in the top markets, but it allows room for the radio giant to continue some selective acquisitions of radio stations in smaller markets.⁸⁶

What follows is a summary of the changing regulatory environment in which Clear Channel operates and the impact of such changes on the company's business.

RADIO

TABLE 13

RULES BEFORE 1996:	Radio companies were allowed only 2 stations per market and a maximum of 40 nationwide.
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⁸⁵ DeRosa Mike. Big Media Hits the Jackpot. *New Focus*, June 5, 2003.
<http://www.ohio.edu/program/pub/licaffairs/newfocus/journal/060503.html>

⁸⁶ Mathews, Anna Wilde. Changes in Radio Rules Mean Clear Channel Can Stay Big. *The Wall Street Journal*, July 28,2003.

<p>TELECOMMUNICATIONS ACT OF 1996:</p>	<p>Radio ownership limits increased to 8 stations in local markets with no limits nationwide.</p> <p>The local ownership limit decreased on a sliding scale from 8 in markets with at least 45 stations, to 5 in markets with 14 or fewer stations. And, "in no case can a single owner control more than half the stations in the market...⁸⁷</p> <p>The number of stations in a market was determined by a map of the radios' overlapping signal contours, which overstated the total number of stations in a given market, and, therefore, inflated the ownership limits for radio companies in each market.</p>
<p>JUNE 2 REWRITE OF FCC RULES:</p>	<p>The FCC changes affect radio ownership by imposing a new method to define a radio market and to count the number of stations in such a market. To determine the number of stations in a market, the FCC will drop the overlapping signal contours and will rely on Arbitron's geographic boundary measurements. This measurement reduces ownership limits in numerous markets across the country. Thus, the new rules would now allow a cap of 7 stations in markets where the old rules allowed ownership of 8 stations by one company.</p> <p><u>Impact on Clear Channel:</u></p> <p>Eighty-two Clear Channel stations in 31 markets do not comply with the new ownership rules. The majority will be subject to a grandfather clause, but Clear Channel will have to sell at least 16 stations. The biggest impact of these rule changes on Clear Channel is that they will significantly limit the company's ability to grow in large markets. ⁸⁸</p> <p>In addition, Clear Channel may be required to terminate agreements whereby the company provides programming to or sells advertising on stations it does not own (Local Marketing Agreements and Joint Sales Agreements).</p>

⁸⁷ DiCola, Peter and Thomson, Kristin. Radio Deregulation: Has It Served Citizens and Musicians?. Future of Music Coalition, November 18, 2002.

⁸⁸ Securities and Exchange Commission, *Clear Channel 2002 10-K Filing*, (Filed March 11, 2003); McConnell, Bill. Radio Rereg Would Limit Clear Channel, *Broadcasting and Cable*, July 28, 2003, p. 34.

~fJR~W~(---t!!Wj\$mf%~mr~f:~jW~r

<p>SENATE COMMERCE COMMITTEE'S PROPOSAL:</p>	<p>The legislation could force radio companies to sell <u>all</u> of their non-compliant stations.⁸⁹</p>
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TV BROADCASTING

TABLE 14

<p>THE JUNE 2 FCC REWRITE:</p>	<p>The new rules increase the national limit for television station ownership from 35 to 45 percent. This change would mostly benefit the large TV networks (particularly those owned by media giants Viacom and News Corp/Eox), and would disadvantage affiliate station groups such as Hearst-Argyle's and Cox. By owning more stations, networks can reduce costs (compensation to affiliates) and can increase revenues (get all the advertising money generated by the stations). The affiliates, however, are likely to lose market power and clout in dealing with the networks.</p> <p><u>Impact on Clear Channel</u></p> <p>Clear Channel is in the group that is likely to be negatively affected by the rule changes of June 2 because of its holdings of affiliate stations (which would lose ground in relation to the networks).</p> <p>Clear Channel's subsidiary Katz would also be negatively affected. Katz represents affiliate station groups in selling TV spots to national and regional advertisers. The 45 percent national TV household share limit approved by the FCC and the 39 percent share proposed in Congress would still allow networks to own more stations. This may diminish the number of stations represented by companies such as Katz, because the networks do in-house marketing and representation for most of their stations."</p>
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⁸⁹ McConnell, Bill. Radio, Rereg. Would Limit Clear Channel. *Broadcasting and Cable*, June 30, 2003, p. 34.

⁹⁰ Bergantini Grillo, Jean Reps Brace for More Station Consolidation. *Broadcasting and Cable*; March 31, 2003; p. 16

OTHER RADIO AND TV BROADCASTING REGULATIONS

TABLE 15

<p>RADIO AND TV LICENSES</p>	<p>The FCC grants licenses for terms of up to eight years. The FCC renews these licenses if broadcasters have served the public interest, convenience and necessity; have not committed serious violations of either the Communications Act or the FCC's rules; and "there have been no other serious violations which taken together constitute a pattern of abuse."⁹¹ In this renewal process, <u>"the FCC may consider petitions to deny any informal objections, and may order a hearing if such petitions or objections raise sufficiently serious issues."</u>⁹²</p>
<p>CROSS-OWNERSHIP OF TELEVISION AND RADIO STATIONS IN THE SAME MARKET</p>	<p>Existing regulations generally prohibit ownership of a TV and a radio station in the same market by one entity. But, the rules have been relaxed significantly since 1999.</p> <p>Clear Channel owns both radio and TV stations in 22 markets. In some of those markets, the FCC has given Clear Channel a temporary period to divest from non-compliant stations; in others, the FCC has authorized Clear Channel to keep their TV-radio combinations at least until 2004.</p>
<p>PUBLIC INTEREST PROGRAMMING</p>	<p>Broadcasters are required to air programming that addresses the needs and interests of the communities where they hold a license, and are required to make "issues/programs lists" accessible for public inspection.</p>
<p>EQUAL EMPLOYMENT OPPORTUNITY</p>	<p>These rules generally require broadcasters to practice broad and inclusive recruitment to fill job vacancies, and they are prohibited from engaging in employment discrimination based on race, color, religion, national origin or sex.</p>
<p>OTHER</p>	<p>The FCC and other federal agencies also regulate general matters including network-affiliate relations, ability of stations to obtain exclusive rights to air syndicated programming, political advertising practices and rates, children's TV programming (Children's Television Act), and closed captioning of TV programming.</p>

⁹¹ Securities and Exchange Commission, *Clear Channel 2002 10-K Filing*, (Filed March 11, 2003).

⁹² *Ibid.*

VII. REGULATORY COMPLIANCE & THE PUBLIC INTEREST

PUBLIC INTEREST/PUBLIC AIRWAYS

During the spring of 2003 in Minot, N.D., a freight train derailed and released a cloud of anhydrous ammonia fertilizer. When local officials tried to alert the community to the danger through the town's 8 radio stations, they discovered that at 6 - all owned by Clear Channel- nobody answered the telephone for 90 minutes. Hundreds were hospitalized.⁹³

A complaint to the FCC written by the organization Essential Information argued that Clear Channel should not have their licenses renewed for 63 radio stations, which were penalized for misconduct. The complaint says that with 36 violations of state and federal laws and regulations since 2000 Clear Channel "lacks the requisite character to hold broadcast licenses." Violations by the company and its employees include: airing indecent material, deceptive broadcasts to the public, animal cruelty, felony criminal mischief, anti-competitive commercial practices and illegally taking control of a radio station.⁹⁴

FREE SPEECH/CENSORSHIP

Clear Channel radio stations have engaged in partisan political activity at stations WMSI-102.9 and WSTZ-106.7 in Jackson, Mississippi. The stations discontinued airing radio ads paid for by the Democratic National Committee and the Democratic Congressional Campaign Committee. The ads accused Republican Rep. Chip Pickering (R-Miss.) of being complicit in helping oil prices to rise.⁹⁵

VOICE-TRACKING

Clear Channel has shown little if any regard for its obligation to serve local audiences with local programming. Instead what the company's Premiere Radio Networks does for many syndicated programs is record audio that can then be cut, pasted and reassembled to simulate a live, local DJ when in fact it is pre-recorded audio. This practice is called voice-tracking.

* Excluding OSHA data.

⁹³ Lee, Jennifer. On Minot, ND Radio, A Single Corporate Voice. *The New York Times*, March 31, 2003; p. C7

⁹⁴ Essential Information. *Complaint to the Federal Communications Commission*, September 24, 2003.

⁹⁵ Brown, Timothy. Stations Pulling DNC Ads Owned by GOP Backers. *Mississippi Clarion Ledger*, June 3, 2001. <http://www.clarionledger.com/news/0106/03/m04.html>

In 1999, Clear Channel began running national contests without making it clear that local callers competed against listeners from dozens of other stations. Hardly anyone noticed or cared what was happening. Still, voice-tracking also has prompted some concern among regulators. Two years ago, Clear Channel was fined \$80,000 by the Florida attorney general for misleading radio listeners into thinking that a national contest was a local contest, in part because the company cut-and-pasted a deejay's voice to conduct an interview with a winning caller. The company now runs explicit disclaimers about the contests.⁹⁶

In 48 cities, millions of radio listeners each week tune in to a station in their market calling itself Kiss FM. Many of the deejays are in Los Angeles, working for Clear Channel's pop powerhouse KIIS-FM, but listeners in smaller markets across the country may hear Rick Dees joking about their local news or Sean Valentine trumpeting upcoming concerts at their local amphitheater, as well as a similar playlist laden with bands such as 'N Sync and Linkin Park.

"Kiss" programming recorded in Los Angeles is exported to places like Des Moines, IA and Jacksonville, FL, as a series of taped moments, from phone calls to song intros that are spliced together to sound as if the deejays are chatting from a studio down the street. The voice-tracked segments, music and commercials can be whisked from one station to another on a digital network that is potentially available to 80 percent of Clear Channel's stations. Clear Channel touts this as a technique that delivers big-city deejay talent to small markets that couldn't otherwise afford it.⁹⁷

PAYOLA

For many years it was common practice in the radio industry to use an updated form of payola to get songs played on the radio. In fact, by many accounts, most of the music on rock and top 40 radio was essentially paid for through the use of independent promoters. The way the system worked is that independent promoters would associate themselves with radio stations by promising them six-figure "promotional payments" which the stations used to supplement their marketing budgets.⁹⁸ Once an independent promoter "represents" a radio station, the promoter would receive a payment of \$1,000 (sometimes as high as \$8,000) for "placing" a song even if the promoter had nothing to do with the actual song placement.

The way to think of independent promoters is as unnecessary toll-takers who have become a boon to the radio industry at the expense of recording artists and musicians who are forced to fund the bulk of these payoffs. While hard figures are difficult if not impossible to obtain, estimates posit that payments to independent promoters had become

⁹⁶ Dottinga, Randy. Clear-Cutting The Radio Forest, August 5, 2002, <http://www.polarity1.com/pcwf3...7.html>; <http://smart90.com/clearchannel>.

⁹⁷ <http://smart90.com/clearchannel>.

⁹⁸ Boehlert, Eric. Pay For Play, *Salon.com*, March 14, 2001. . http://dir.salon.com/...ent/feature/2_001/03/14/payola/index.html.

a \$100 to \$200 million per year industry. This is certainly one of the many reasons why the recording industry has seen profits suffer.

In early 2003 Clear Channel announced that it would no longer work with independent record promoters who help record labels get their releases on the air. The company said that this action showed that it would no longer have the appearance of 'pay-for-play' relationships. Yⁿⁿ In all likelihood this was done, because there was speculation that the Senate Judiciary Committee was going to open hearings on the issue of payola.

LAWSUITS AND INVESTIGATIONS

Clear Channel Inc. has a long history of very public and often lengthy legal disputes. The company is currently undergoing two separate investigations by the Department of Justice on charges of anti-trust violations. These investigations center on complaints about the companies' coercive tactics largely referred through the office of Representative Howard L. Berman, (D-CA). Prior to the current DOJ investigation there have been several lawsuits from plaintiffs around the country with allegations ranging from price-fixing to anti-trust and anti-competitive violations.

Additionally, Clear Channel Inc has been involved in many employment related disputes ranging from charges that the company violated federal labor law by refusing to pay hourly production workers overtime to charges of unlawful termination. Listed below is a summary of a few major legal disputes the company has been involved with over the past few years.

ANTITRUST DISPUTES

TABLE 16

CASE: <i>Spanish Broadcasting Systems Inc. (SBS) vs. Clear Channel Communications Inc. & Hispanic Broadcasting Corp.</i> (January 2003 - decided)	OUTCOME
The south Florida-based Spanish Broadcasting System Inc. (SBS), the nation's largest Hispanic-owned radio operator, filed a suit against Clear Channel alleging antitrust violations. Specifically, SBS claims that in an attempt to eliminate SBS as a competitor, Clear Channel executives, including Mark Mays, contacted SBS's financial underwriters in an effort to get them to withdraw their support of SBS's 1999 public	A federal court in Miami dismissed the case for lack of evidence. The decision is being appealed by SBS.

99Clear Channel to Cut Ties With Independent Promoters. *New Mexico Business Weekly*, April 9, 2003. [HTTP://ALBUQUERQUE.BIZJOURNALS.COMIALBUQUERQUE/STORIES/2003/04/07/DAMI.HTM](http://ALBUQUERQUE.BIZJOURNALS.COMIALBUQUERQUE/STORIES/2003/04/07/DAMI.HTM); Reuters. Clear Channel to Eliminate Ties With Paid Promoters of Music. *The New York Times*, April 10, 2003.

<p>offering, tried to depress the company's stock price by limiting financial analysts' coverage, and "improperly induced significant institutional investors to divest their positions in SBS, depressing SBS's stock price." Clear Channel is a major investor in SBS's competitor, Hispanic Broadcasting Corp.</p>	
<p>CASE: <i>Melinda Heerwagen vs. Clear Channel Inc.</i> (June 2002 - filed)</p>	<p>OUTCOME</p>
<p>Melinda Heerwagen, an Illinois resident filed a class-action suit against Clear Channel Inc. on behalf of individuals who bought tickets to any live rock concert in the United States from Clear Channel and its affiliates and subsidiaries from Jan. 1, 1997 through the present.. The suit alleges there were sharp increases in ticket prices that were unrelated to inflation. citing that from 1991 to 1996, concert ticket prices rose by 21 percent while the Consumer Price Index shows that all prices grew by 15 percent.. The suit, was filed in Manhattan federal court, seeks unspecified damages.</p>	<p>Pending</p>
<p>CASE: <i>Nobody in Particular Presents Inc. vs. Clear Channel Inc.</i> (August 2001 - filed)</p>	<p>OUTCOME</p>
<p>A Denver-based independent promotion company, Nobody in Particular Presents (NIPP) filed an antitrust lawsuit against Clear Channel and its concert promotion arm, Clear Channel Entertainment. . NIPP alleged that, "Clear Channel repeatedly used its size and clout to coerce artists to use Clear Channel to promote their concerts or else risk losing air play and other on-air promotional support."</p>	<p>Pending</p>
<p>CASE: <i>U.S. Department of Justice vs. Clear Channel Inc. & AMFM Inc.</i> (August 29, 2000 - decided)</p>	<p>OUTCOME</p>
<p>The DOJ Antitrust Division filed a lawsuit and offered a consent decree in U.S. District Court in Washington, D.C. The consent decree, approved by the court, resolved the lawsuit and the Department's objections to the transaction. The decree required Clear Channel to sell AMFM's</p>	<p>Resolved by consent decree</p>

approximately 29 percent interest in Lamar Broadcasting, and relinquish its right to two seats on Lamar's board of directors. In addition, it requires Clear Channel to divest itself of 14 radio stations in 5 markets.

EMPLOYMENT RELATED DISPUTES

TABLE 17

CASE: <i>Thomas Bland vs. Clear Channel Inc.</i> (April 2003 - filed)	OUTCOME
A class action lawsuit was filed in the United States District Court in Nashville, TN, against Clear Channel claiming the company violated the Fair Labor Standards Act by implementing a policy that prohibited overtime pay to its hourly employees. Lead plaintiff Thomas Bland claims that Clear Channel owes him, and all other similarly situated hourly employees, unpaid overtime wages.	Pending
CASE: <i>Roxanne Cordonier vs. Clear Channel Inc.</i> (July 2003 - filed)	OUTCOME
Plaintiff Roxanne Cordonier a former radio personality, filed suit against Clear Channel Inc, claiming she was fired because she opposed the war in Iraq. In her suit Cordonier alleges that last spring, as the United States prepared to invade Iraq, two WMYI personalities, Bill Love and Howard Hudson, invited her onto their show to talk about the impending war. She aired her opposition to the war, for which she was continually belittled by her colleagues on and off the air. She was fired on April 7, 2003. The suit also alleges that Cordonier was forced to participate in pro-war rallies. ¹⁰⁰	Pending
CASE: <i>Jack Cole vs. Clear Channel Communications, Inc.</i> (May 2001 - filed)	OUTCOME

¹⁰⁰ Paras, Andy. Morning Radio Co-Host Sues Station That Fired Her. *The Greenville News* (South Carolina); July 7, 2003.

<p>Plaintiff employee Jack Cole, a long time radio host with WJNO was called into his employers' office on the day that Clear Channel took over the station and was fired. He filed a breach-of-contract suit against the company.</p>	<p>Pending</p>
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VIII. POLITICAL CONNECTIONS AND ACTIVITIES

Clear Channel exercises an incredible amount of political power. One reason for their obvious power is their size and financial resources. Another equally important reason is the width and depth of their political relationships on all levels of government - including state and local.¹⁰¹ Prior to 2003, the company's lobbying expenses had been relatively low. For example in 2001 Clear Channel lobbying expenditures were \$12,000, and in 2002 that figure had increased to \$68,675. However in 2003, with FCC ownership rule changes at stake, the company's lobbying expenditures increased tenfold over the 2002 level to \$700,000¹⁰² (See Table 20).

Clear Channel's corporate headquarters are in San Antonio, Texas, and the company's CEO Lowry Mays has had a long-standing relationship with the Bush family. Mr. Mays contributed \$51,000 to George W. Bush's 1998 gubernatorial campaign. In 1996 while serving as governor of Texas, Bush appointed Mays to a state technology council.

Between 2000 and 2002, Clear Channel's campaign contributions amounted to over \$700,000, with 75 percent of these contributions going to Republican candidates.¹⁰³ In addition, Clear Channel Vice Chairman, Tom Hicks significantly contributed to George W. Bush's wealth when he purchased the Texas Rangers baseball team from Bush and a group of investors. The sale netted Bush \$15 million.

Clear Channel enjoys excellent representation from high-ranking Bush administration officials in areas that can be crucial to the company's business strategies and operations. For example, the Justice Department's current antitrust chief, Charles James, formerly headed the antitrust department at the Washington law firm that represented Clear Channel when the company sought regulatory approval of its purchase of radio broadcaster AMFM Inc. in 2000.

POLITICAL CONTRIBUTIONS AND LOBBYING

- Clear Channel's campaign contributions to federal candidates added to more than \$700,000 between the 2000 and 2002 election cycles (See Table 19). The company also contributed \$119,370 "in soft-money" to Republicans in

¹⁰¹ Josie, Cory. Clear Channel Size is Drawing Complaints. <http://smart90.com/clearchannel/>. Dotinga, Randy. Murky Water for Clear Channel. *Wired News*. <http://www.wired.com/news/print/0,1294,5403,8,00.html>.

¹⁰² Figures on lobbying expenditures provided by the Common Cause Campaign Finance Monitoring Project.

¹⁰³ Josie, Cory. Clear Channel Size is Drawing Complaints.

2001_2002.¹⁰⁴

- **Lowry Mays and his family have given generously to political action.**
 - Including Lowry Mays' immediate family the Mays have given \$160,739 for political action between 1999 and 2002. (See Tables 21-24)
 - According to the *Los Angeles Times*, Mr. Mays has a long-standing interest in politics, backing "candidates seeking everything from the San Antonio mayor's office to the White House.,,105

- **Over the past year, Clear Channel has established a permanent lobbying operation in Washington, D.C.**
 - Clear Channel opened a lobbying office in Washington, D.C. around November of 2002. The office is headed by Senior Vice President of Government Relations Andrew Levin, formerly a top aide to Rep. John Dingell (D-Mich.). 106
 - During the spring of 2003, Clear Channel considerably strengthened its political connections and its lobbying capacity. The company hired Robert Fisher, formerly a Republican telecommunications aide with the Senate Commerce Committee, and Brendan Kelsay, formerly a Democratic telecom aide with the House Energy and Commerce Committee.
 - According to *Broadcasting and Cable* magazine, Robert Fisher's hiring gives Clear Channel "some much-needed GOP representation and a conduit for contacts with the majority party.,,107

- **Clear Channel's policy is to encourage 'voluntary' employee contributions to its PAC..**
 - The company encourages employees to give 1 percent of their salary to the company's PAC. 108 Sixty-three employees made contributions of \$200 or more to the company's PAC between 2001 and 2002.¹⁰⁹

¹⁰⁴ Buzzflash.com. One Thing is Crystal Clear: Clear Channel is a Subsidiary of Bush, Inc. April 18, 2003. http://www.buzzflash.com/analysis/03/04118_clear.html.

¹⁰⁵ Leeds, Jeff. Clear Channel: an Empire Built on Deregulation. *Los Angeles Times*, February 25, 2002, Home Edition, p. 1.

¹⁰⁶ Sanders, Edmund and Leeds, Jeff. Clear Channel is facing a Lot of Static Inside the Capitol. *The Los Angeles Times*, January 30, 2003, p. 1; Lee, Jennifer. Radio Giant Defends Its Size at Senate Panel Hearing. *The New York Times*, January 31, 2003.

¹⁰⁷ Staff. Clear Channel Beefs Up in DC. *Broadcasting and Cable*, February 17, 2003; p. 21.

- In all, employee contributions totaled \$95,486 from 2001 to 2002.¹¹⁰

PRO WAR RALLIES

The company's numerous legislative, legal, regulatory and image problems would be good reason to cultivate support from the White House.¹¹¹ Through syndicated radio talk show host Glenn Beck, the company has organized a number of "pro-military" rallies (See Table 18).¹¹² The rallies pale in comparison to the anti-war rallies, but the real story is Clear Channel's involvement, which is unprecedented for a media company.

TABLE 18

Clear Channel-Backed Rallies¹¹³		
	City	Attendees
Spring 2003	Atlanta, GA	25,000
	Clearwater, FL	20,000
	Fort Wayne, IN	20,000
	Richmond, VA	10,000
	Philadelphia, PA	10,000
	Houston, TX	10,000
	San Antonio	8,000
	Memphis, TN	7,000
	Oklahoma City, OK	6,000
	Omaha, NE	5,000
	Charleston, SC	4,500
	Tulsa, OK	4,500
	Sacramento, CA	3,000
	Nashville, TN	3,000
	Washington, DC	N/A
	Dothan, AL	N/A
Tallahassee, FL	N/A	
Louisville, KY	N/A	

¹⁰⁸ Dotinga, Randy. Murky Water for Clear Channel. *Wired News*.

¹⁰⁹ Amounts compiled from information attained from The Center for Responsive Politics. www.opensecrets.org.

¹¹⁰ *Ibid.*

¹¹¹ Krugman, Paul. Channels of Influence. *COpIED*. *The New York Times*, March 25, 2003.

¹¹² Schwartz, John and Fabrikant, Geraldine. War Puts Radio Giant On The Defensive. *The New York Times*. March 31, 2003; p. C1.

¹¹³ Official Website of the Glenn Beck Program <http://www.glennbeck.com/home/rally.shtml>.

Media Companies' Campaign Contributions¹¹⁴

Table 19

N Ki	Company	2000 Election Cycle	2002 ElectiOll. Cycle	Total (2000-2002)	Percent to Democrats	Percent to GOP
1	AOL Time Warner	\$4,195,811	\$2,009,691	\$6,205,502	63	36
2	Vivendi Universal	\$2,126,960	\$1,271,363	\$3,398,323	65	35
3	Viacom	\$1,066,275	\$2,092,341	\$3,158,616	81	19
4	Disney	\$1,505,182	\$1,282,839	\$2,788,021	55	45
5	EchoStar Communications	\$893,800	\$1,118,075	\$2,011,875	53	47
6	Cablevision Systems	\$1,072,316	\$891,130	\$1,963,446	59	41
7	News Corp.	\$1,041,873	\$743,995	\$1,785,868	38	62
8	Comcast	\$613,609	\$567,672	\$1,181,281	47	53
9	Charter Communications	\$468,600	\$247,380	\$715,980	35	65
10	Clear Channel Communications	\$167,450	\$537,910	\$705,360	25	75
11	Sony	\$323,840	\$227,799	\$551,639	67	33
12	Cox Communications	\$250,741	\$88,100	\$338,841	56	44
13	Discovery Communications	\$195,150	\$117,750	\$312,900	90	9
14	Adelphia Communications	\$237,675	\$51,500	\$289,175	23	77
15	Hughes Electronics	\$230,584	\$30,700	\$261,284	50	50
16	NBC	\$166,650	\$82,745	\$249,395	77	23
17	USA Interactive	\$141,740	\$94,826	\$236,566	80	20
18	Tribune	\$150,280	\$38,750	\$189,030	54	46
19	Hearst	\$99,200	\$80,900	\$180,100	68	32
20	McGraw-Hill	\$51,040	\$17,950	\$68,990	39	61
21	Liberty Media	\$26,500	\$40,100	\$66,600	57	40
22	Gannett	\$23,200	\$12,250	\$35,450	57	43
23	New York Times	\$9,550	\$2,133	\$11,683	94	2
24	E.W. Scripps	\$9,750	\$655	\$10,405	38	53
25	Washington Post	\$6,750	\$1,450	\$8,200	42	58
	Total	\$1,074,536	\$1,118,075	\$2,192,611	59	41

Note that the actual period during which contributions are measured is from 1999 to 2002

¹¹⁴ Source: Capitaleye.org, based on data released by the Federal Election Commission on April 28, 2003. Totals include PAC, soft money and individual contributions to federal candidates, party committees and leadership PACs, 1999-2002.

Media Companies' Lobbying Expenditures¹¹⁵**Table 20**

R A N K	Company	1999	2000	2001	2002	4-Year Total
1	Disney	\$3,440,000	\$3,860,000	\$5,380,000	\$4,060,000	\$16,740,000
2	AOL Time Warner	\$4,360,000	\$4,820,000	\$3,500,000	\$3,100,000	\$15,780,000
3	News Corp.	\$1,510,000	\$2,120,000	\$2,960,000	\$3,358,000	\$9,948,000
4	Cox	\$720,000	\$800,000	\$2,220,000	\$1,567,000	\$5,307,000
5	Vivendi Universal	\$600,000	\$2,150,000	\$940,000	\$1,160,000	\$4,850,000
6	Sony	\$890,000	\$900,000	\$1,360,000	\$1,450,000	\$4,600,000
7	Comcast	\$480,000	\$620,000	\$810,000	\$2,480,000	\$4,390,000
8	Hughes Electronics	\$977,874	\$985,620	\$929,788	\$1,260,000	\$4,153,282
9	Viacom	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$4,000,000
10	EchoStar Communications	\$1,120,000	\$60,000	\$540,000	\$1,520,000	\$3,240,000
11	McGraw-Hill	\$540,000	\$420,000	\$660,000	\$720,000	\$2,340,000
12	Gannett	\$480,000	\$440,000	\$420,000	\$460,000	\$1,800,000
13	Charter Communications	\$100,000	\$160,000	\$440,000	\$520,000	\$1,220,000
14	Cablevision Systems	\$60,000	\$140,000	\$180,000	\$380,000	\$760,000
15	Washington Post	\$174,000	\$324,000	\$104,000	\$80,000	\$682,000
16	NBC	\$140,000	\$220,000	\$60,000	\$200,000	\$620,000
17	USA Interactive	\$60,000	\$120,000	\$120,000	\$278,000	\$578,000
18	Tribune	\$112,005	\$110,000	\$121,442	\$146,603	\$490,050
19	Hearst	\$184,000	\$164,000	\$34,000	\$12,000	\$394,000
20	Adelphia Communications	\$100,000	\$80,000	\$0	\$100,000	\$280,000
21	Clear Channel Communications	\$0	\$0	\$12,000	\$68,675	\$80,675
22	New York Times	\$0	\$0	\$0	\$0	\$0
23	Liberty Media	\$0	\$0	\$0	\$0	\$0
24	Discovery Communications	\$0	\$0	\$0	\$0	\$0
25	E.W. Scripps	\$0	\$0	\$0	\$0	\$0
	Total	\$17,047,879	\$19,493,620	\$21,791,230	\$23,920,278	\$82,253,007

115 Source: capitaleye.org. Figures are based on federal lobbying reports filed with Congress.

L. Lowry Mays Individual Contributions**Table 21****1999-02**

L. Lowry Mays, Chairman and CEO	
Barton, Bradley Linus	\$1,000
Barton, Joe L	\$1,000
Bayou Leader PAC	\$3,000
Bonilla, Henry	\$3,000
Bums, Conrad	\$1,000
Bush, George W	\$2,000
Chambliss, Saxby	\$1,000
Clear Channel Communications	\$5,000
Comyn, John	\$2,000
Diaz-Balart, Lincoln	\$1,000
Dingell, John D	\$1,000
Ensign, John	\$1,000
Friends of Phil Gramm	\$1,000
Giuliani, Rudolph W	\$1,000
Gonzalez, Charlie	\$1,500
Graham, Lindsey	\$500
Hensarling, Jeb	\$1,000
Hutchinson, Tim	\$1,000
Hutchison, Kay Bailey	\$1,000
Lazio, Rick A	\$500
National Assn of Broadcasters	\$20,000
Outdoor Advertising Assn of America	\$5,000
RNC/Republican National State Elections Committee	\$22,506
Robb, Charles S	\$1,000
Rodriguez, Ciro D	\$500
Sensenbrenner, F James Jr.	\$2,000
Smith, Lamar	\$2,500
Stearns, Cliff	\$1,000
Wilson, Heather A	\$2,500
Total:	\$86,506

TABLE 22

Mark Mays, President, COO, Director (son of L. Lowry Mays)

1999-02	
Outdoor Advertising Assn of America	\$5,000
Clear Channel Communications	\$4,333
Republican National Committee	\$2,000
Bush, George W	\$1,000
National Assn of Broadcasters	\$10,000
Comyn, John	\$2,000
Total:	\$24,333

TABLE 23

Peggy Mays (wife of L. Lowry Mays)

1999-02	
Comyn, John	\$2,000
Republican National Committee	\$20,000
Bush, George W	\$1,900
Hutchison, Kay Bailey	\$1,000
Total:	\$24,900

TABLE 24

Randall T. Mays, EVP, CFO, Director (son of L. Lowry Mays)

1999-02	
Sununu, John E	\$2,000
Outdoor Advertising Assn of America	\$5,000
National Assn of Broadcasters	\$11,000
Clear Channel Communications	\$5,000
Comyn, John	\$2,000
Total:	\$25,000

IX. CONCLUSIONS

Much of Clear Channel's business strategy is predicated upon its dominance of the markets in which it operates. As a result, the company has radically altered established methods of doing business in the industries in which it is dominant - specifically radio and live entertainment. . In many of its chosen markets, Clear Channel operates from a superior competitive position that many say lends itself to predatory and/or anticompetitive activities. Much of this was encouraged by the deregulatory Telecommunications Act of 1996, which allowed the company to gain a competitive advantage through the mass acquisition of media outlets.

Another important element of Clear Channel's business model is to seek profitability, through a low-cost approach to business. Because the company holds a dominant position in those industries, its competitive practices place economic pressure on competitors and have had a ripple effect, as other players within those industries adopt similar practices. This race to the bottom poses a growing challenge to unions seeking to represent workers and advance labor standards in those industries.

Clear Channel's cost-cutting strategies have also had a detrimental effect on labor standards, eliminating jobs and exerting downward pressure on wages and benefits in the industries in which it operates. In its pursuit of labor cost efficiencies, this company's aggressive labor relations strategy has resulted in dozens of Unfair Labor Practice charges being filed with the National Labor Relations Board.

Clear Channel's workforce is predominantly non-union, and existing bargaining agreements are held by multiple local and national unions that separately negotiate with this company. This research suggests that unions representing workers and artists at Clear Channel could benefit from more coordinated approaches to organizing and collective bargaining with the company.

The overwhelming economic power and increasing political influence of media giants such as Clear Channel has already led labor unions, media activists, the courts, and members of Congress, to develop initiatives designed to limit the concentration of media ownership. In the on-going debate over the FCC's eradication of key restrictions on media ownership, Clear Channel is often cited by Congressional critics - both Democrats and Republicans - as the "poster child" for what's wrong with media deregulation. Clear Channel is but one case in point, however, it provides a dramatic example of the adverse consequences of deregulation not only on workers, but also on society as a whole.

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INTERVIEWS

Hon. Jonathan Adelstein, Federal Communications Commission
Deborah Alton, American Guild of Musical Artists
Thomas Carpenter, American Federation of Television and Radio Artists
William Dennison, American Federation of Musicians
Frank Emspak, Workers' Independent News Service
Peter Fuster, American Federation of Television and Radio Artists
Michael Manley, American Federation of Musicians
Robert McChesney, University of Illinois
William Moriarty, American Federation of Musicians
Nan Rubin, Community Media Services
Jesus Sanchez, Writer's Guild of America - East
Jay Schaffner, American Federation of Musicians
Flora Stamatiades, Actors' Equity Association
Jenny Toomey, The Future of Music Coalition
Gene Toumour, American Federation of Musicians
Patrick Varriale, American Federation of Musicians

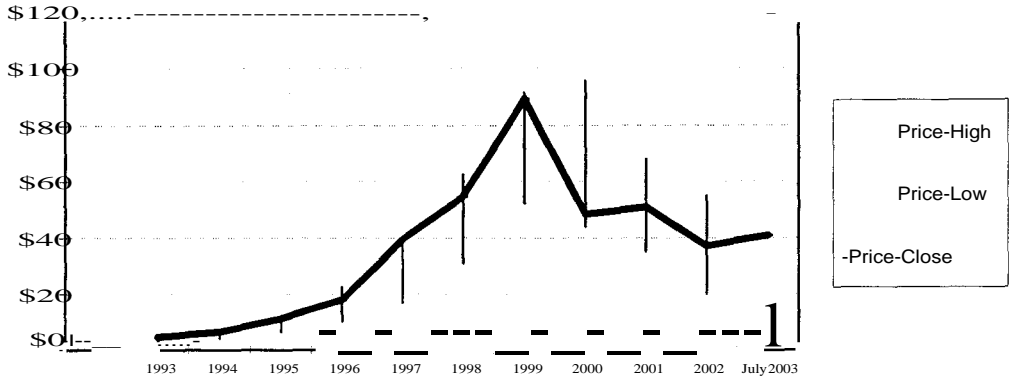
APPENDIX

APPENDIX A

FINANCIAL DATA

GRAPH 1

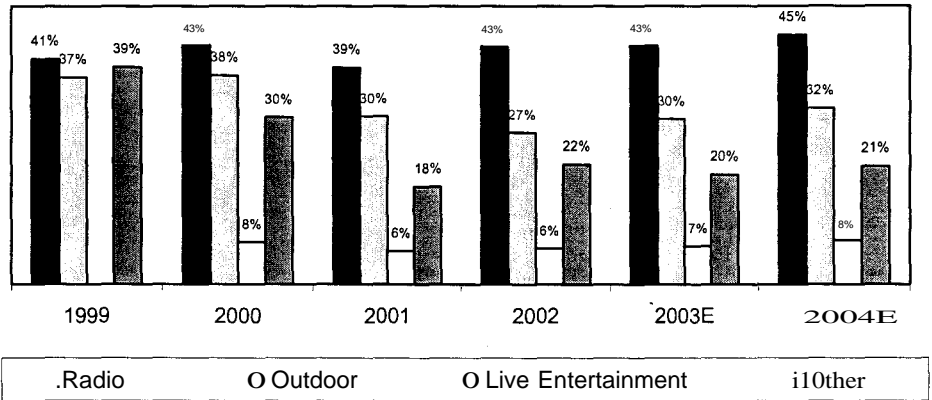
Stock Price



Source: Standard & Poor's. *Stock Reports and Corporate Actions*. www.marketinsight.com. July 5, 2003;

GRAPH 2

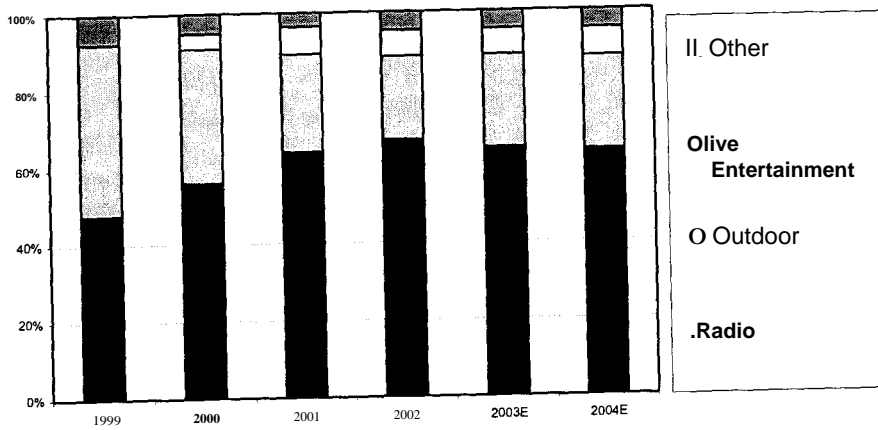
Operating Margin by Segment



Source: United States Securities and Exchange Commission. *Clear Channel Communications, Inc., 2002 Form 10-K*. (Filed March 20, 2003) Washington, DC.

GRAPH 3

Operating Profits (EBITDA) Contribution by Segment



Source: United States Securities and Exchange Commission. *Clear Channel Communications, Inc.*, 2002 Form 10-K. (Filed March 20, 2003) Washington, DC.

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Frank Ernspek, Workers' Independent News Service
Peter Fuster, American Federation of Television and Radio Artists
Lois Gray, Cornell University
Michael Manley, American Federation of Musicians
Robert McChesney, University of Illinois
William Moriarty, American Federation of Musicians
Keith Morris, International Brotherhood of Electrical Workers
Michael Muniz, American Federation of Musicians
Nan Rubin, Community Media Services
Jesus Sanchez, Writer's Guild of America - East
Jay Schaffner, American Federation of Musicians
Maria Somma, Association of Theatrical Press Agents and Managers
Flora Stamatiades, Actors' Equity Association
Jenny Toomey, The Future of Music Coalition
Gene Tournour, American Federation of Musicians
Patrick Varriale, American Federation of Musicians