

CLEAR CHANNEL COMMUNICATIONS INC

Form 424B5

March 14, 2006

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The information in this prospectus supplement is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and they are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-111070

**SUBJECT TO COMPLETION, DATED MARCH 14, 2006**

**Prospectus Supplement**

March , 2006  
(To Prospectus dated April 29, 2004)

\$

**Clear Channel Communications, Inc.**

**% Senior Notes due**

We will pay interest on the notes on \_\_\_\_\_ and \_\_\_\_\_ of each year, beginning \_\_\_\_\_, 2006. The notes will mature on \_\_\_\_\_. We may redeem the notes, in whole at any time or in part from time to time at the redemption price described under the caption Description of the Notes Optional Redemption.

The notes will be unsecured obligations and will rank equally with our other unsecured senior indebtedness from time to time outstanding. The notes will be issued only in denominations of \$1,000 and in integral multiples of \$1,000. The notes will not be listed on any securities exchange. Currently, there is no public market for the notes.

**Investing in the notes involves risk. See Risk Factors beginning on page S-5.**

	<u>Per Note</u>	<u>Total</u>
Public offering price(1)	%	\$
Underwriting discount	%	\$
Proceeds, before expenses, to Clear Channel(1)	%	\$

(1) Plus accrued interest, if any, from March , 2006, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear or Clearstream, on or about March , 2006.

*Joint Book-Running Managers*

**Banc of America Securities LLC**

**Wachovia Securities**

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You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate as of the dates on the front covers of these documents only. Our business, financial condition, results of operations and prospects may have changed since these dates.

References to Clear Channel, we, us and our in this prospectus supplement and the accompanying prospectus are to Clear Channel Communications, Inc. and its consolidated subsidiaries.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by us or on our behalf. Except for the historical information, this prospectus supplement contains various forward-looking statements which represent our expectations or beliefs concerning future events, including the future levels of cash flow from operations. We believe that all statements that express expectations and projections with respect to future matters are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. We caution that these forward-looking statements involve a number of risks and uncertainties and are subject to many variables which could impact our financial performance. These statements are made on the basis of management's views and assumptions, as of the time the statements are made, regarding future events and business performance. There can be no assurance, however, that management's expectations will necessarily come to pass.

A wide range of factors could materially affect future developments and performance, including:

the impact of general economic and political conditions in the U.S. and in other countries in which we currently do business, including those resulting from recessions, political events and acts or threats of terrorism or military conflicts;

the impact of the geopolitical environment;

our ability to integrate the operations of recently acquired companies;

shifts in population and other demographics;

industry conditions, including competition;

fluctuations in operating costs;

technological changes and innovations;

changes in labor conditions;

fluctuations in exchange rates and currency values;

capital expenditure requirements;

the outcome of pending and future litigation settlements;

legislative or regulatory requirements;

interest rates;

the effect of leverage on our financial position and earnings;

taxes;

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access to capital markets; and

certain other factors set forth in our filings with the Securities and Exchange Commission.

This list of factors that may affect future performance and the accuracy of forward-looking statements is illustrative, but by no means exhaustive. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or other factors. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this document might not occur as currently contemplated.

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**RISK FACTORS**

*Investing in our securities involves a high degree of risk. You should carefully consider the risks and uncertainties described below and the other information in this prospectus supplement and the accompanying prospectus and in the documents incorporated by reference before deciding whether to purchase our securities.*

**We Have a Large Amount of Indebtedness**

We currently use a portion of our operating income for debt service. Our leverage could make us vulnerable to an increase in interest rates or a downturn in the operating performance of our businesses due to various factors including a decline in general economic conditions. At December 31, 2005, we had debt outstanding of \$7.0 billion and shareholders' equity of \$8.8 billion. We may continue to borrow funds to finance capital expenditures, share repurchases, acquisitions or to refinance debt, as well as for other purposes. Our debt obligations could increase substantially because of additional share repurchase programs, special dividends, or acquisitions that may be approved by our board of directors as well as the debt levels of companies that we may acquire in the future.

Such a large amount of indebtedness could have negative consequences for us, including without limitation:

limiting our ability to obtain financing in the future;

dedicating much of our cash flow to interest obligations and making it unavailable for other purposes;

limiting our liquidity and operational flexibility in changing economic, business and competitive conditions which could require us to consider deferring planned capital expenditures, reducing discretionary spending, selling assets, restructuring existing debt or deferring acquisitions or other strategic opportunities;

making us more vulnerable to an increase in interest rates, a downturn in our operating performance or a decline in general economic conditions; and

making us more susceptible to changes in credit ratings which could, particularly in the case of a downgrade below investment grade, impact our ability to obtain financing in the future and increase the cost of such financing.

The failure to comply with the covenants in the agreements governing the terms of our or our subsidiaries' indebtedness could be an event of default and could accelerate the payment obligations and, in some cases, could affect other obligations with cross-default and cross-acceleration provisions.

**Our Business is Dependent Upon the Performance of Key Employees, On-Air Talent and Program Hosts**

Our business is dependent upon the performance of certain key employees. We employ or independently contract with several on-air personalities and hosts of syndicated radio programs with significant loyal audiences in their respective markets. Although we have entered into long-term agreements with some of our executive officers, key on-air talent and program hosts to protect our interests in those relationships, we can give no assurance that all or any of these key employees will remain with us or will retain their audiences. Competition for these individuals is intense and many of our key employees are at-will employees who are under no legal obligation to remain with us. Our competitors may choose to extend offers to any of these individuals on terms which we may be unwilling to meet. In addition, any or all of our key employees may decide to leave for a variety of personal or other reasons beyond our control. Furthermore, the popularity and audience loyalty of our key on-air talent and program hosts is highly sensitive to rapidly changing public tastes. A loss of such popularity or audience loyalty is beyond our control and could limit our ability to generate revenues.

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### **Doing Business in Foreign Countries Creates Certain Risks Not Found in Doing Business in the United States**

Doing business in foreign countries carries with it certain risks that are not found in doing business in the United States. The risks of doing business in foreign countries that could result in losses against which we are not insured include:

- exposure to local economic conditions;
- potential adverse changes in the diplomatic relations of foreign countries with the United States;
- hostility from local populations;
- the adverse effect of currency exchange controls;
- restrictions on the withdrawal of foreign investment and earnings;
- government policies against businesses owned by foreigners;
- investment restrictions or requirements;
- expropriations of property;
- the potential instability of foreign governments;
- the risk of insurrections;
- risks of renegotiation or modification of existing agreements with governmental authorities;
- foreign exchange restrictions;
- withholding and other taxes on remittances and other payments by subsidiaries; and
- changes in taxation structure.

### **Exchange Rates May Cause Future Losses in Our International Operations**

Because we own assets overseas and derive revenues from our international operations, we may incur currency translation losses due to changes in the values of foreign currencies and in the value of the U.S. dollar. We cannot predict the effect of exchange rate fluctuations upon future operating results.

### **Extensive Government Regulation May Limit Our Broadcasting Operations**

The federal government extensively regulates the domestic broadcasting industry, and any changes in the current regulatory scheme could significantly affect us. Our broadcasting businesses depend upon maintaining broadcasting licenses issued by the Federal Communications Commission (FCC) for maximum terms of eight years. Renewals of broadcasting licenses can be attained only through the FCC's grant of appropriate applications. Although the FCC rarely denies a renewal application, the FCC could deny future renewal applications resulting in the loss of one or more of our broadcasting licenses.

The federal communications laws limit the number of broadcasting properties we may own in a particular area. While the Telecommunications Act of 1996 relaxed the FCC's multiple ownership limits, any subsequent modifications that tighten those limits could make it impossible for us to complete potential acquisitions or require us to divest stations we have already acquired. Most significantly, in June 2003 the FCC adopted a decision comprehensively modifying its media ownership rules. The modified rules significantly changed the FCC's regulations governing radio ownership, allowed increased ownership of TV stations at the local and national level, and permitted additional cross-ownership of daily newspapers, television stations and radio stations. Soon after their adoption, however, a federal court issued a stay



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preventing the implementation of the modified media ownership rules while it considered appeals of the rules by numerous parties (including us). In a June 2004 decision, the court upheld the modified rules in certain respects, remanded them to the FCC for further justification in other respects, and left in place the stay on their implementation. In September 2004, the court partially lifted its stay on the modified

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radio ownership rules, putting into effect aspects of those rules that established a new methodology for defining local radio markets and counting stations within those markets, limit our ability to transfer intact combinations of stations that do not comply with the new rules, and require us to terminate within two years (i.e., by September 2006) certain of our agreements whereby we provide programming to or sell advertising on radio stations we do not own. The modified media ownership rules are subject to various further FCC and court proceedings and recent and possible future actions by Congress. We cannot predict the ultimate outcome of the media ownership proceeding or its effect on our ability to acquire broadcast stations in the future, to complete acquisitions that we have agreed to make, to continue to own and freely transfer groups of stations that we have already acquired, or to continue our existing agreements to provide programming to or sell advertising on stations we do not own.

Moreover, the FCC's existing rules in some cases permit a company to own fewer radio stations than allowed by the Telecommunications Act of 1996 in markets or geographical areas where the company also owns television stations. These rules could require us to divest radio stations we currently own in markets or areas where we also own television stations. Our acquisition of television stations in five local markets or areas in our merger with The Ackerley Group resulted in our owning more radio stations in these markets or areas than is permitted by these rules. The FCC has given us a temporary period of time to divest the necessary radio and/or television stations to come into compliance with the rules. We have completed such divestiture with respect to one such market and have requested an extension of time to complete such divestiture with respect to the other four markets.

Other changes in governmental regulations and policies may have a material impact on us. For example, we currently provide programming to several television stations we do not own. These programming arrangements are made through contracts known as local marketing agreements. The FCC's rules and policies regarding television local marketing agreements will restrict our ability to enter into television local marketing agreements in the future, and may eventually require us to terminate our programming arrangements under existing local marketing agreements. Moreover, the FCC has begun a proceeding to adopt rules that will restrict our ability to enter into television joint sales agreements, by which we sell advertising on television stations we do not own, and may eventually require us to terminate our existing agreements of this nature. Additionally, the FCC has adopted rules which under certain circumstances subject previously nonattributable debt and equity interests in communications media to the FCC's multiple ownership restrictions. These rules may limit our ability to expand our media holdings.

### **We May Be Adversely Affected By New Statutes Dealing With Indecency**

Congress currently has under consideration legislation that addresses the FCC's enforcement of its rules concerning the broadcast of obscene, indecent, or profane material. Potential changes to enhance the FCC's authority in this area include the ability to impose substantially higher monetary penalties, consider violations to be serious offenses in the context of license renewal applications, and, under certain circumstances, designate a license for hearing to determine whether such license should be revoked. In the event that this or similar legislation is ultimately enacted into law, we could face increased costs in the form of fines and a greater risk that we could lose one or more of our broadcasting licenses.

### **Antitrust Regulations May Limit Future Acquisitions**

Additional acquisitions by us of radio and television stations and outdoor advertising properties may require antitrust review by federal antitrust agencies and may require review by foreign antitrust agencies under the antitrust laws of foreign jurisdictions. We can give no assurances that the Department of Justice (DOJ) or the Federal Trade Commission or foreign antitrust agencies will not seek to bar us from acquiring additional radio or television stations or outdoor advertising properties in any market where we already have a significant position. Following passage of the Telecommunications Act of 1996, the DOJ has become more aggressive in reviewing proposed acquisitions of radio stations, particularly in instances where the proposed acquiror already owns one or more radio station properties in a particular market and seeks to acquire another radio station in the same market. The DOJ has, in some cases, obtained consent decrees requiring radio station divestitures in a particular market based on allegations that acquisitions

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would lead to unacceptable concentration levels. The DOJ also actively reviews proposed acquisitions of outdoor advertising properties. In addition, the antitrust laws of foreign jurisdictions will apply if we acquire international broadcasting properties.

### **Environmental, Health, Safety and Land Use Laws and Regulations May Limit or Restrict Some of Our Operations**

As the owner or operator of various real properties and facilities, especially in our outdoor advertising operations, we must comply with various foreign, federal, state and local environmental, health, safety and land use laws and regulations. We and our properties are subject to such laws and regulations relating to the use, storage, disposal, emission and release of hazardous and non-hazardous substances and employee health and safety as well as zoning restrictions. Historically, we have not incurred significant expenditures to comply with these laws. However, additional laws, which may be passed in the future, or a finding of a violation of or liability under existing laws, could require us to make significant expenditures and otherwise limit or restrict some of our operations.

### **Government Regulation of Outdoor Advertising May Restrict Our Outdoor Advertising Operations**

Changes in laws and regulations affecting outdoor advertising at any level of government, including laws of the foreign jurisdictions in which we operate, could have a significant financial impact on us by requiring us to make significant expenditures or otherwise limiting or restricting some of our operations.

U.S. federal, state and local regulations have had an impact on the outdoor advertising industry. One of the seminal laws was The Highway Beautification Act of 1965 (HBA), which regulates outdoor advertising on the 306,000 miles of Federal-Aid Primary, Interstate and National Highway Systems roads. HBA regulates the locations of billboards, mandates a state compliance program, requires the development of state standards, promotes the expeditious removal of illegal signs, and requires just compensation for takings. Size, spacing and lighting are regulated by state and local municipalities.

From time to time, certain state and local governments and third parties have attempted to force the removal of displays not governed by the HBA under various state and local laws, including amortization. Amortization permits the display owner to operate its display which does not meet current code requirements for a specified period of time, after which it must remove or otherwise conform its display to the applicable regulations at its own cost without any compensation. Several municipalities within our existing markets have adopted amortization ordinances. Other regulations limit our ability to rebuild or replace nonconforming displays and require us to remove or modify displays that are not in strict compliance with applicable laws. In addition, from time to time third parties or local governments assert that we own or operate displays that either are not properly permitted or otherwise are not in strict compliance with applicable law. Such regulations and allegations have not had a material impact on our results of operations to date, but if we are increasingly unable to resolve such allegations or obtain acceptable arrangements in circumstances in which our displays are subject to removal, modification or amortization, or if there occurs an increase in such regulations or their enforcement, our results could suffer.

Legislation has from time to time been introduced in state and local jurisdictions attempting to impose taxes on revenues of outdoor advertising companies. Several jurisdictions have already imposed such taxes as a percentage of our gross receipts of outdoor advertising revenues in that jurisdiction. While these taxes have not had a material impact on our business and financial results to date, we expect states to continue to try to impose such taxes as a way of increasing revenues. The increased imposition of these taxes and our inability to pass on the cost of these taxes to our clients could negatively affect our operating income.

In addition, we are unable to predict what additional regulations may be imposed on outdoor advertising in the future. Legislation that would regulate the content of billboard advertisements and implement additional billboard restrictions has been introduced in Congress from time to time in the past.

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International regulation of the outdoor advertising industry varies by region and country, but generally limits the size, placement, nature and density of out-of-home displays. Significant international regulations include the Law of December 29, 1979 in France, the Town and Country Planning (Control of Advertisements) Regulations 1992 in the United Kingdom, and Règlement Régional Urbain de l'agglomération bruxelloise in Belgium. These laws define issues such as the extent to which advertisements can be erected in rural areas, the hours during which illuminated signs may be lit and whether the consent of local authorities is required to place a sign in certain communities. Other regulations limit the subject matter and language of out-of-home displays. For instance, the United States and most European Union countries, among other nations, have banned outdoor advertisements for tobacco products. Our failure to comply with these or any future international regulations could have an adverse impact on the effectiveness of our displays or their attractiveness to clients as an advertising medium and may require us to make significant expenditures to ensure compliance. As a result, we may experience a significant impact on our operations, revenues, international client base and overall financial condition.

### **Additional Restrictions on Outdoor Advertising of Tobacco, Alcohol and Other Products May Further Restrict the Categories of Clients That Can Advertise Using Our Products**

Out-of-court settlements between the major U.S. tobacco companies and all 50 states, the District of Columbia, the Commonwealth of Puerto Rico and four other U.S. territories include a ban on the outdoor advertising of tobacco products. Other products and services may be targeted in the future, including alcohol products. Legislation regulating tobacco and alcohol advertising has also been introduced in a number of European countries in which we conduct business and could have a similar impact. Any significant reduction in alcohol-related advertising due to content-related restrictions could cause a reduction in our direct revenues from such advertisements and an increase in the available space on the existing inventory of billboards in the outdoor advertising industry.

### **Future Acquisitions Could Pose Risks**

We may acquire media-related assets and other assets or businesses that we believe will assist our customers in marketing their products and services. Our acquisition strategy involves numerous risks, including:

certain of our acquisitions may prove unprofitable and fail to generate anticipated cash flows;

to successfully manage our large portfolio of broadcasting, outdoor advertising and other properties, we may need to:

recruit additional senior management as we cannot be assured that senior management of acquired companies will continue to work for us and, in this highly competitive labor market, we cannot be certain that any of our recruiting efforts will succeed, and

expand corporate infrastructure to facilitate the integration of our operations with those of acquired properties, because failure to do so may cause us to lose the benefits of any expansion that we decide to undertake by leading to disruptions in our ongoing businesses or by distracting our management;

entry into markets and geographic areas where we have limited or no experience;

we may encounter difficulties in the integration of operations and systems;

our management's attention may be diverted from other business concerns; and

we may lose key employees of acquired companies or stations.

We frequently evaluate strategic opportunities both within and outside our existing lines of business. We expect from time to time to pursue additional acquisitions and may decide to dispose of certain businesses. These acquisitions or dispositions could be material.

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### **Capital Requirements Necessary to Implement Strategic Initiatives Could Pose Risks**

The purchase price of possible acquisitions, share repurchases, special dividends and/or other strategic initiatives could require additional debt or equity financing on our part. Since the terms and availability of this financing depend to a large degree upon general economic conditions and third parties over which we have no control, we can give no assurance that we will obtain the needed financing or that we will obtain such financing on attractive terms. In addition, our ability to obtain financing depends on a number of other factors, many of which are also beyond our control, such as interest rates and national and local business conditions. If the cost of obtaining needed financing is too high or the terms of such financing are otherwise unacceptable in relation to the strategic opportunity we are presented with, we may decide to forego that opportunity. Additional indebtedness could increase our leverage and make us more vulnerable to economic downturns and may limit our ability to withstand competitive pressures. Additional equity financing could result in dilution to our shareholders.

### **We Face Intense Competition in the Broadcasting and Outdoor Advertising Industries**

Our business segments are in highly competitive industries, and we may not be able to maintain or increase our current audience ratings and advertising and sales revenues. Our radio stations and outdoor advertising properties compete for audiences and advertising revenues with other radio stations and outdoor advertising companies, as well as with other media, such as newspapers, magazines, television, direct mail, satellite radio and Internet based media, within their respective markets. Audience ratings and market shares are subject to change, which could have the effect of reducing our revenues in that market. Our competitors may develop services or advertising media that are equal or superior to those we provide or that achieve greater market acceptance and brand recognition than we achieve. It is possible that new competitors may emerge and rapidly acquire significant market share in any of our business segments. Other variables that could adversely affect our financial performance by, among other things, leading to decreases in overall revenues, the numbers of advertising customers, advertising fees, or profit margins include:

unfavorable economic conditions, both general and relative to the radio broadcasting, outdoor advertising and all related media industries, which may cause companies to reduce their expenditures on advertising;

unfavorable shifts in population and other demographics which may cause us to lose advertising customers as people migrate to markets where we have a smaller presence, or which may cause advertisers to be willing to pay less in advertising fees if the general population shifts into a less desirable age or geographical demographic from an advertising perspective;

an increased level of competition for advertising dollars, which may lead to lower advertising rates as we attempt to retain customers or which may cause us to lose customers to our competitors who offer lower rates that we are unable or unwilling to match;

unfavorable fluctuations in operating costs which we may be unwilling or unable to pass through to our customers;

technological changes and innovations that we are unable to adopt or are late in adopting that offer more attractive advertising, listening or viewing alternatives than what we currently offer, which may lead to a loss of advertising customers or to lower advertising rates;

unfavorable changes in labor conditions which may require us to spend more to retain and attract key employees; and

changes in governmental regulations and policies and actions of federal regulatory bodies which could restrict the advertising media which we employ or restrict some or all of our customers that operate in regulated areas from using certain advertising media, or from advertising at all.

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### **New Technologies May Affect Our Broadcasting Operations**

Our broadcasting businesses face increasing competition from new broadcast technologies, such as broadband wireless and satellite television and radio, and new consumer products, such as portable digital audio players and personal digital video recorders. These new technologies and alternative media platforms compete with our radio and television stations for audience share and advertising revenue, and in the case of some products, allow listeners and viewers to avoid traditional commercial advertisements. The FCC has also approved new technologies for use in the radio broadcasting industry, including the terrestrial delivery of digital audio broadcasting, which significantly enhances the sound quality of radio broadcasts. In the television broadcasting industry, the FCC has established standards and a timetable for the implementation of digital television broadcasting in the U.S. We are unable to predict the effect such technologies and related services and products will have on our broadcasting operations, but the capital expenditures necessary to implement such technologies could be substantial and other companies employing such technologies could compete with our businesses.

### **We May be Adversely Affected by a General Deterioration in Economic Conditions**

The risks associated with our businesses become more acute in periods of a slowing economy or recession, which may be accompanied by a decrease in advertising. A decline in the level of business activity of our advertisers could have an adverse effect on our revenues and profit margins. During the most recent economic slowdown in the United States, many advertisers reduced their advertising expenditures. The impact of slowdowns on our business is difficult to predict, but they may result in reductions in purchases of advertising.

### **We May Be Adversely Affected by the Occurrence of Extraordinary Events, Such as Terrorist Attacks**

The occurrence of extraordinary events, such as terrorist attacks, intentional or unintentional mass casualty incidents or similar events may substantially decrease the use of and demand for advertising, which may decrease our revenues or expose us to substantial liability. The September 11, 2001 terrorist attacks, for example, caused a nationwide disruption of commercial activities. As a result of the expanded news coverage following the attacks and subsequent military actions, we experienced a loss in advertising revenues and increased incremental operating expenses. The occurrence of future terrorist attacks, military actions by the United States, contagious disease outbreaks or similar events cannot be predicted, and their occurrence can be expected to further negatively affect the economies of the United States and other foreign countries where we do business generally, specifically the market for advertising.

### **There Is No Public Market for the Notes; Certain Beneficial Owners May Be Unable to Transfer Their Beneficial Interest in the Notes**

The notes will not be listed on any securities exchange. There is no public market for the notes and it is unlikely that an active trading market will develop, or if one develops, that it will be maintained. Consequently, it is possible that an investment in the notes may have little or no liquidity. In addition, the notes will be issued in the form of one or more global securities that will be deposited with The Depository Trust Company. See Description of the Notes Global Securities and Book Entry System on page S-16. The owners of beneficial interests in the global securities will not be entitled to have notes registered in their names, will not receive or be entitled to receive physical delivery of notes in definitive form and will not be considered the owners or holders thereof under the Indenture. The laws of some states require that certain persons take physical delivery in definitive form of securities which they own. Consequently, the ability of certain persons to transfer their beneficial interests in the global securities may be limited in states where these special delivery requirements apply.

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**BUSINESS**

We are a diversified media company. As of December 31, 2005, we owned 1,182 radio stations and a leading national radio network operating in the United States. In addition, we had equity interests in various international radio broadcasting companies. As of December 31, 2005, we also owned or operated 164,634 outdoor advertising display faces in our Americas outdoor advertising segment, which includes operations in the United States, Canada, and Latin America, and 710,638 displays in our international outdoor advertising segment, which includes operations in Europe, Australia, Asia and Africa. As of December 31, 2005 we also owned or programmed 41 television stations and owned a media representation firm. Prior to December 21, 2005, we also operated a live entertainment and sports representation business.

On April 29, 2005, we announced a plan to strategically realign our businesses. The plan included an initial public offering, or IPO, of approximately 10% of the common stock of Clear Channel Outdoor Holdings, Inc., or CCO, and a 100% spin-off of our live entertainment segment and sports representation business, which now operates under the name Live Nation. We completed the IPO on November 11, 2005 and the spin-off on December 21, 2005.

The IPO consisted of the sale of 35.0 million shares of Class A common stock of CCO, our indirect, wholly owned subsidiary prior to the IPO. We continue to own all of CCO's outstanding shares of Class B common stock, representing approximately 90% of the outstanding shares of CCO's common stock and approximately 99% of the total voting power of CCO's common stock.

The spin-off consisted of a dividend of 0.125 share of Live Nation common stock for each share of our common stock held on December 21, 2005, the date of the distribution.

**Radio Broadcasting**

*Radio Stations*

As of December 31, 2005, we owned 360 AM and 822 FM domestic radio stations, of which 150 stations were in the top 25 U.S. markets according to the Arbitron rankings as of January 2006. In addition, we currently own equity interests in various international radio broadcasting companies located in Australia, New Zealand and Mexico, which we account for under the equity method of accounting.

*Radio Networks*

In addition to radio stations, our radio broadcasting segment includes a national radio network that produces or distributes more than 70 syndicated radio programs and services for more than 5,000 radio stations. Some of our more popular radio programs include *Rush Limbaugh*, *Delilah* and *Bob and Tom Show*. We also own various sports, news and agriculture networks serving Georgia, Ohio, Iowa, Kentucky, Arkansas, Illinois, Oklahoma and Florida.

**Outdoor Advertising**

At December 31, 2005, we owned or operated approximately 164,634 displays in our American segment and approximately 710,638 displays in our international segment. Our display faces include billboards of various sizes, wallsapes, transit displays and street furniture displays. Additionally, we currently own equity interests in various outdoor advertising companies, which we account for under the equity method of accounting.

**Other**

*Television*

As of December 31, 2005, we owned, programmed or sold airtime for 41 television stations. Our television stations are affiliated with various television networks, including ABC, CBS, NBC, FOX, UPN, WB, Telemundo and two independent, non-affiliated stations.





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*Media Representation*

We own the Katz Media Group, a full-service media representation firm that sells national spot advertising time for clients in the radio and television industries throughout the United States. As of December 31, 2005, Katz Media represented over 3,200 radio stations and 380 television stations.

**Recent Litigation**

A lawsuit was filed against Clear Channel on March 9, 2006 in the United States District Court for the Southern District of New York by Barbara Mattera, on behalf of herself and all other similarly situated individuals, alleging that wages were deducted from the compensation of Clear Channel's sales agents at NY radio stations since March 9, 2000 in violation of NY Labor Law Section 193. These claims stem from the practice of chargebacks on commissions paid on a draw and then not earned by commissioned sales agents. The plaintiffs are in the process of seeking class certification, a declaratory judgment that the conduct violated New York law, a return of wages from the chargebacks, liquidated damages, reasonable attorneys' fees and costs. This lawsuit is only in the very preliminary stages and Clear Channel is currently unable to assess its potential exposure to liability, if any, as a result of the lawsuit or to predict the costs to be incurred to resolve the lawsuit. Clear Channel intends to vigorously defend against the claims made in the lawsuit.

**Recent Share Repurchase Activity**

Since March 9, 2006, Clear Channel has repurchased 1.9 million shares of its common stock for an aggregate purchase price of \$54.5 million pursuant to its previously announced repurchase programs.

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The ratio of earnings to fixed charges is as follows:

Year Ended December 31,				
2005	2004	2003	2002	2001
2.32	2.86	3.64	2.59	*

\* For the year ended December 31, 2001, fixed charges exceeded earnings before income taxes and fixed charges by \$1.1 billion.

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

**USE OF PROCEEDS**

Our net proceeds from this offering are estimated to be approximately \$            million after deducting the underwriting discount and our estimated offering expenses. We will use the net proceeds to repay borrowings outstanding under our \$1.75 billion credit facility. As of March 10, 2006, a total of \$871.5 million in borrowings was outstanding under our \$1.75 billion credit facility. Such borrowings were incurred in connection with share repurchases, the redemption of other indebtedness, the acquisitions of media related properties, and for general corporate purposes. The fees we pay on our \$1.75 billion revolving credit facility depend on our long-term debt ratings. Based on our current ratings level of BBB-/Baa3, our fees on borrowings are a 45.0 basis point spread to LIBOR and are 17.5 basis points on the total \$1.75 billion facility. Interest rates on borrowings under the facility ranged from 5.02% to 5.17% as of March 10, 2006.

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**DESCRIPTION OF THE NOTES**

The notes offered by this prospectus supplement are senior debt securities which are described in the accompanying prospectus. This description supplements the description of the general terms and provisions of the debt securities found in the accompanying prospectus.

The notes offered by this prospectus supplement will be issued under the indenture, dated as of October 1, 1997, as supplemented by supplemental indentures from time to time (collectively, the Indenture ), between Clear Channel and The Bank of New York, as debt trustee. The Indenture contains:

provisions limiting our ability to consolidate with or merge into any other corporation or convey or transfer substantially all of our properties and assets;

limitations on mortgages on radio broadcasting, television broadcasting, outdoor advertising or live entertainment properties; and

limitations on sale and leaseback transactions.

See Description of Senior and Subordinated Debt Securities Consolidation, Merger, Conveyance or Transfer and Description of Senior and Subordinated Debt Securities Senior Debt Securities Covenants in the accompanying prospectus.

Capitalized terms used and not otherwise defined below or elsewhere in this prospectus supplement or the accompanying prospectus are used with the respective meanings given thereto in the Indenture. Any reference to the notes contained in this prospectus supplement refers to our % notes due unless the context indicates otherwise.

**General**

The notes offered by this prospectus supplement will be issued in an initial aggregate principal amount of \$ , will bear interest from March , 2006, will mature, at par, on and will be offered and sold in denominations of \$1,000 and any integral multiple thereof.

Interest will be payable semi-annually on and of each year, commencing , 2006, to the persons in whose names the notes are registered at the close of business on or , as the case may be, next preceding such interest payment date.

The notes are not subject to the provisions of any optional or mandatory sinking fund. We may, without the consent of the holders, increase such principal amounts of the notes in the future, on the same terms and conditions and with the same CUSIP numbers as the notes being offered hereby; provided, however, that no additional notes may be issued unless such additional notes are fungible with the notes offered hereby for U.S. federal income tax purposes. The notes will be our senior unsecured general obligations, and rank on a parity with all of our other unsecured and unsubordinated indebtedness from time to time outstanding.

Principal of, and premium, if any, and interest on the notes will be payable and transfers of the notes will be registrable at our office or agency in the Borough of Manhattan, The City of New York, and transfers of the notes will also be registrable at any of our other offices or agencies as we may maintain for that purpose. In addition, payment of interest may be made, at our option, by check mailed to the address of the person entitled hereto as shown on the security register. No service charge will be made for any registration of transfer or exchange of notes, except for any tax or other governmental charge that may be imposed in connection therewith. Interest on the notes will be computed on the basis of a 360-day year comprised of twelve, 30-day months.

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### **Optional Redemption**

The notes will be redeemable as a whole at any time or in part from time to time, at our option, at a redemption price equal to the greater of:

(i) 100% of the principal amount of the notes being redeemed, or

(ii) the sum of the present values of the remaining scheduled payments of principal and interest on the notes being redeemed from the redemption date to \_\_\_\_\_ discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus \_\_\_\_\_ basis points, plus, in either case, any interest accrued but not paid to the date of redemption.

**Comparable Treasury Issue** means the United States Treasury security selected by an **Independent Investment Banker** as having a maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes.

**Comparable Treasury Price** means with respect to any redemption date for the notes,

(i) the average of four Reference Treasury Dealer Quotations for the redemption date, after excluding the highest and lowest of those Reference Treasury Dealer Quotations, or

(ii) if the debt trustee obtains fewer than four Reference Treasury Dealer Quotations, the average of all quotations obtained.

**Independent Investment Banker** means, with respect to any redemption date for the notes, Banc of America Securities LLC and its successors or, if such firm or any successor to such firm, as the case may be, is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the debt trustee after consultation with us.

**Reference Treasury Dealer** means Banc of America Securities LLC and three other primary U.S. government securities dealers in the United States (each, a **Primary Treasury Dealer** ) appointed by the debt trustee in consultation with us. If any Reference Treasury Dealer ceases to be a Primary Treasury Dealer, we will substitute another Primary Treasury Dealer for that dealer.

**Reference Treasury Dealer Quotations** means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the debt trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the debt trustee by that Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding the redemption date.

**Treasury Rate** means, with respect to any redemption date for the notes,

(i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated H.15(519) or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption Treasury Constant Maturities, for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the maturity date for the notes, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Treasury Rate shall be interpolated or extrapolated from those yields on a straight line basis, rounding to the nearest month), or

(ii) if the release referred to in (i) (or any successor release) is not published during the week preceding the calculation date or does not contain the yields referred to above, the rate per year equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

The Treasury Rate will be calculated on the third Business Day preceding the redemption date.

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Notice of any redemption will be mailed at least 30 days but no more than 60 days before the redemption date to each holder of notes to be redeemed.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions of the notes called for redemption.

### **Global Securities**

The notes will be issued in the form of one or more global securities that will be deposited with, or on behalf of the depository, The Depository Trust Company. Interests in the global securities will be issued only in denominations of \$1,000 or integral multiples thereof. Unless and until it is exchanged in whole or in part for notes in definitive form, a global security may not be transferred except as a whole to a nominee of the depository for the global security, or by a nominee of the depository to the depository or another nominee of the depository, or by the depository or any nominee to a successor depository or a nominee of the successor depository.

### **Book-Entry System**

Initially, the notes will be registered in the name of Cede & Co., the nominee of the depository. Accordingly, beneficial interests in the notes will be shown on, and transfers thereof will be effected only through, records maintained by the depository and its participants.

The depository has advised us and the underwriter as follows: the depository is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the United States Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the United States Securities Exchange Act of 1934, as amended. The depository holds securities that its participants ( Direct Participants ) deposit with the depository. The depository also eliminates the need for physical movement of securities certificates by facilitating the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in the Direct Participants' accounts. Direct Participants include securities brokers and dealers, including the underwriter, banks, trust companies, clearing corporations, and certain other organizations. The depository is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation, or DTCC. DTCC is owned by a number of Direct Participants of the depository and members of the national Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation, as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the depository system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ( Indirect Participants ). The rules applicable to the depository and its Direct Participants and Indirect Participants are on file with the SEC.

The depository advises that its established procedures provide that:

upon our issuance of the notes, the depository will credit the accounts of Direct Participants and Indirect Participants designated by the underwriter with the principal amounts of the notes purchased by the underwriter, and

ownership of interest in the global securities will be shown on, and the transfer of the ownership will be effected only through, records maintained by the depository, the Direct Participants and the Indirect Participants.

The laws of some states require that certain persons take physical delivery in definitive form of securities which they own. Consequently, the ability to transfer beneficial interest in the global securities is limited to such extent.

So long as a nominee of the depository is the registered owner of the global securities, the nominee for all purposes will be considered the sole owner or holder of the global securities under the Indenture. Except as provided below, owners of beneficial interests in the global securities will not be entitled to have

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notes registered in their names, will not receive or be entitled to receive physical delivery of notes in definitive form and will not be considered the owners or holders thereof under the Indenture.

Neither we, the debt trustee, any paying agent nor the registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the global securities, or for maintaining, supervising or reviewing any records relating to those beneficial ownership interests.

Principal and interest payments on the notes registered in the name of the depositary's nominee will be made in immediately available funds to the depositary's nominee as the registered owner of the global securities. Under the terms of the notes, we and the debt trustee will treat the persons in whose names the notes are registered as the owners of those notes for the purpose of receiving payment of principal and interest on those notes and for all other purposes whatsoever. Therefore, neither we, the debt trustee nor any paying agent has any direct responsibility or liability for the payment of principal or interest on the notes to owners of beneficial interests in the global securities. The depositary has advised us and the debt trustee that its current practice is upon receipt of any payment of principal or interest, to credit Direct Participants' accounts on the payment date in accordance with their respective holdings of beneficial interests in the global securities as shown on the depositary's records, unless the depositary has reason to believe that it will not receive payment on the payment date. Payments by Direct Participants and Indirect Participants to owners of beneficial interests in the global securities will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of the Direct Participants and Indirect Participants and not of the depositary, the debt trustee or us, subject to any statutory requirements that may be in effect from time to time. Payment of principal and interest to the depositary is our responsibility or the responsibility of the debt trustee, but disbursement of those payments to the owners of beneficial interests in the global securities shall be the responsibility of the depositary and Direct Participants and Indirect Participants.

Notes represented by a global security will be exchangeable for notes in definitive form of like tenor as the global security in denominations of \$1,000 and in any greater amount that is an integral multiple if the depositary notifies us that it is unwilling or unable to continue as depositary for the global security or if at any time the depositary ceases to be a clearing agency registered under applicable law and a successor depositary is not appointed by us within 90 days or we in our discretion at any time determine not to require all of the notes to be represented by a global security and notify the debt trustee thereof. Any notes that are exchangeable pursuant to the preceding sentence are exchangeable for notes issuable in authorized denominations and registered in such names as the depositary shall direct. Subject to the foregoing, a global security is not exchangeable, except for a global security or global securities of the same aggregate denominations to be registered in the name of the depositary or its nominee.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

## **Same-Day Settlement and Payment**

Settlement for the notes will be made by the underwriters in immediately available funds. So long as the depositary continues to make same day settlement available to us, all payments of principal and interest on the notes will be made by us in immediately available funds.

Secondary trading in long-term notes and debentures of corporate issues is generally settled in clearing-house or next-day funds. In contrast, the depositary will facilitate same day settlement for trading in the notes until maturity, and secondary market trading activity in the notes will therefore be required by the depositary to settle in immediately available funds. No assurance can be given as to the effect, if any, of settlement in immediately available funds on trading activity in the notes.

## **Governing Law**

The Indenture and the notes will be governed by and construed in accordance with the laws of the State of New York.

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**CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES**

The following summary describes certain material United States federal income tax consequences of the acquisition, ownership and disposition of the notes by beneficial owners of the notes. This summary is based on the Internal Revenue Code of 1986, as amended, and Treasury regulations, rulings and judicial decisions as of the date hereof, all of which are subject to change, possibly on a retroactive basis. The discussion applies only to beneficial owners who acquire the notes in this offering at the initial offering price and who will hold the notes as capital assets within the meaning of Section 1221 of the Code. This summary is for general information only and does not address all aspects of United States federal income taxation that may be relevant to holders of the notes in light of their particular circumstances or to holders subject to special rules (such as broker-dealers, banks or other financial institutions, insurance companies, partnerships, tax-exempt organizations, persons that have a functional currency other than the U.S. dollar, certain U.S. expatriates and persons who hold the notes as part of a hedging or conversion transaction). This summary does not address the effects of any state, local or non-U.S. tax laws. Prospective holders should consult their tax advisors as to the particular tax consequences to them of acquiring, holding or disposing of the notes.

For purposes of the following discussion, a **U.S. holder** means a beneficial owner of a note that is for U.S. federal income tax purposes:

an individual citizen or resident of the United States;

a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any State or the District of Columbia;

an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust, if (a) a court within the United States is able to exercise primary supervision over administration of the trust and one or more United States persons have authority to control all substantial decisions of the trust or (b) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (including for this purpose any entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of a note, the treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. Partnerships and partners in such partnerships should consult their tax advisors about the U.S. federal income tax consequences of owning and disposing of a note.

For purposes of the following discussion, a **non-U.S. holder** means a beneficial owner of a note other than a U.S. holder.

**U.S. Holders**

*Payments of Interest.* Interest paid with respect to the notes will generally be taxable to a U.S. holder as ordinary income at the time accrued or received, in accordance with such U.S. holder's method of accounting for U.S. federal income tax purposes.

*Disposition of Notes.* Upon the sale, exchange, redemption, retirement or other disposition of a note, a U.S. holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, redemption, retirement or other disposition (except to the extent of accrued but unpaid interest not previously included in income, which will be taxable as ordinary income) and such holder's adjusted tax basis in the note. A holder's adjusted tax basis in a note is generally equal to the cost of the note to such holder, reduced by any payments of principal on the note. Any such gain or loss will be capital gain or loss, and will be long-term capital gain or loss if a U.S. holder has held the note for more than one year. The deductibility of capital losses against ordinary income is subject to limitations.

*Satisfaction and Discharge.* If we were to obtain a discharge of the Indenture within one year of maturity or redemption date with respect to all of the notes then outstanding, as described in the accompanying prospectus under **Description of Senior and Subordinated Debt Securities Satisfaction and Discharge of the Indentures; Defeasance**, such discharge would generally be deemed to constitute a

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taxable exchange of the notes outstanding for other property. In such case, a U.S. Holder would be required to recognize capital gain or loss in connection with such deemed exchange. In addition, after such deemed exchange, a U.S. Holder might also be required to recognize income from the property deemed to have been received in such exchange over the remaining life of the transaction in a manner or amount that is different than if the discharge had not occurred. U.S. Holders should consult their tax advisors as to the specific consequences arising from a discharge in their particular situations.

### **Non-U.S. Holders**

*Payments of Interest.* In general, a 30% United States federal withholding tax will not apply to any payment of interest on a note to a non-U.S. holder if the interest qualifies for the so-called portfolio interest exemption. This will be the case provided that the holder:

does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock that are entitled to vote within the meaning of section 871(h)(3) of the Code;

is not a controlled foreign corporation that is related to us through stock ownership within the meaning of section 864(d)(4) of the Code;

is not a bank that received the interest on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and

either (a) provides its name and address, and certifies, under penalties of perjury, that it is not a United States person, which certification may be made on an IRS W-8BEN or successor form, or (b) holds its notes through various foreign intermediaries and satisfies the certification requirements of applicable Treasury regulations.

Special certification and other rules apply to certain non-U.S. holders that are entities rather than individuals, particularly entities treated as partnerships for U.S. federal income tax purposes and certain other flow-through entities, and to non-U.S. holders acting as (or holding notes through) intermediaries.

If a non-U.S. holder cannot satisfy the requirements described above, payments of interest will be subject to the 30% United States federal withholding tax, unless the holder provides us with a properly executed (1) IRS Form W-8BEN, or successor form, claiming an exemption from or reduction in withholding under a tax treaty or (2) IRS Form W-8ECI, or successor form, stating that interest paid on the note is not subject to withholding tax because it is effectively connected with its conduct of a trade or business in the United States.

If a non-U.S. holder is engaged in a trade or business in the United States and interest on a note is effectively connected with the conduct of that trade or business, such holder (although exempt from the 30% withholding tax) will be subject to U.S. federal income tax on that interest on a net income basis in the same manner as if the holder were a U.S. holder. In addition, if the holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or lower applicable tax treaty rate) of its earnings and profits for the taxable year, subject to adjustments, that are effectively connected with its conduct of a trade or business in the United States. For this purpose, interest will be included in earnings and profits.

*Disposition of Notes.* The 30% United States federal withholding tax will not apply to any gain that a non-U.S. holder realizes on the sale, exchange, redemption, retirement or other disposition of a note.

Any gain realized on the disposition of a note by a non-U.S. holder generally will not be subject to U.S. federal income tax unless (i) that gain is effectively connected with the conduct of a trade or business in the United States by the holder or (ii) the holder is an individual who is present in the United States for a period or periods aggregating 183 days or more in the taxable year of that disposition within the meaning of section 871(a)(2) of the Code and other conditions are met. If clause (i) applies and the non-U.S. holder is a corporation, such holder may also be subject to a branch profits tax equal to 30% (or lower applicable tax treaty rate) as described above.



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**Information Reporting and Backup Withholding**

*U.S. Holders.* In general, information reporting requirements will apply to payments of principal and interest made on the notes to, and to the proceeds of the sale of the notes within the United States by, certain non-corporate U.S. holders of notes, and backup withholding at the applicable rate (currently 28%) will apply to these payments if the U.S. holder (i) fails to provide an accurate taxpayer identification number in the manner required or (ii) is notified by the Internal Revenue Service that it has failed to report all interest and dividends required to be shown on its federal income tax returns.

*Non-U.S. Holders.* In general, subject to the discussion above under *Non-U.S. Holders Payments of Interest*, a non-U.S. holder will not be subject to backup withholding but may be subject to information reporting with respect to payments that we make to the non-U.S. holder, provided that we do not have actual knowledge that the holder is a United States person and the holder has given us the statement or provided the certifications described above under *Non-U.S. Holders Payments of Interest*.

In addition, subject to the discussion above under *Non-U.S. Holders Disposition of Notes*, a non-U.S. holder will not be subject to backup withholding but may be subject to information reporting with respect to the proceeds of the sale or other disposition of a note within the United States or conducted through certain U.S.-related financial intermediaries if the payor receives the statements or certifications described above and does not have actual knowledge that the holder is a United States person, as defined under the Code, or the holder otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a holder's U.S. federal income tax liability, provided the required information is furnished to the Internal Revenue Service.

**Investors should consult their tax advisors concerning the applicability of the above tax consequences to their particular situations, including the necessity of satisfying various certification requirements, and concerning the applicability of other taxes, such as estate taxes and state and local taxes.**

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**UNDERWRITING**

We have entered into an underwriting agreement with Banc of America Securities LLC, as representative of the underwriters, in which the underwriters have agreed to purchase from us \$ \_\_\_\_\_ aggregate principal amount of the notes.

The obligation of the underwriters to purchase the notes is subject to the terms and conditions set forth in the underwriting agreement. The underwriting agreement requires the underwriters to purchase all the notes offered by this prospectus supplement, if any of such notes are purchased.

We have agreed to indemnify the underwriters against certain liabilities, including certain liabilities under the Securities Act, or to contribute to payments the underwriter may be required to make in respect of these liabilities.

**Commission and Discounts**

The underwriters have advised us that they propose to offer some of the notes directly to the public at the public offering prices stated on the cover of this prospectus supplement and some of the notes to certain dealers at the public offering price, less a concession not in excess of \_\_\_\_\_ % of the principal amount of the notes. The underwriters may allow, and such dealers may reallow, a concession not in excess of \_\_\_\_\_ % of such principal amount of the notes on sales to certain other dealers. After the initial public offering, the underwriters may change the offering price and other selling terms.

We currently estimate the expenses of this offering, excluding the underwriting discount, to us to be \$ \_\_\_\_\_.

**No Trading Market**

The notes are a new issue of securities with no established trading market. The notes will not be listed on any securities exchange or on any automated dealer quotation system. The underwriter may make a market in the notes after completion of the offering, but will not be obligated to do so and may discontinue any market-making activities at any time without notice. No assurance can be given as to the liquidity of the trading market for the notes or that an active public market for the notes will develop. If an active public trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

**Price Stabilization and Short Positions**

In connection with this offering, the underwriters may purchase and sell notes in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by an underwriter of a greater principal amount of notes than they are required to purchase in this offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the notes while the offering is in progress.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the notes. As a result, the price of the notes may be higher than the price that otherwise might exist in the open market. In addition, neither the underwriters nor we make any representation that the underwriters will engage in the transactions discussed above. In addition, such transactions, once commenced, may be discontinued by the underwriters at any time without notice. These transactions may be effected in the over-the-counter market or otherwise.