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**Clear Channel Communications, Inc.**  
**Board of Directors Governance Guidelines**

**1. Director Qualifications**

The Board seeks members from diverse professional backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. Directors should have experience in positions with a high degree of responsibility; be leaders in the organizations with which they are affiliated; have the time, energy, interest and willingness to serve as a member of the Board; and be selected based upon contributions they can make to the Board and management. The Company's bylaws provide that the Chairman of the Board shall serve as the Company's chief executive officer. The Board recognizes that there may be circumstances in the future that would lead it to separate these offices, but believes there is no reason to do so at this time.

**2. Independent Directors**

A majority of the Board shall be composed of "independent" directors, as that term is defined from time to time by the listing standards of the New York Stock Exchange. In order to qualify a director as independent, the Board shall affirmatively determine that the director has no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company).

**3. Director Responsibilities**

The basic responsibility of a director is to exercise his or her business judgment and act in what he or she reasonably believes to be in the best interests of the Company and its shareholders. In discharging that obligation, a director should be entitled to rely on the honesty and integrity of the Company's senior executives and the Company's outside advisers and auditors.

Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities.

#### **4. Size of the Board**

The Board will be comprised of up to 14 members, none of whom need be shareholders or residents of the State of Texas. It is generally expected that the Board will consist of between ten and twelve members. As provided in the Company's bylaws, the precise number of directors will be determined from time to time by the affirmative vote of a majority of directors in office at the time of the vote.

#### **5. Selection of New Directors**

Directors may be selected by the Board or by shareholders in accordance with the Company's bylaws. The Nominating and Governance Committee will review all nominees for the Board in accordance with its charter. The Nominating and Governance Committee will make recommendations to the full Board with direct input from the Chairman and the CEO for approval of director nominations in accordance with the Company's bylaws.

#### **6. Stock Ownership by Directors and Executive Officer**

It is the policy of the Board that all directors and executive officers, consistent with their responsibilities to the shareholders of the Company as a whole, hold a significant equity interest in the Company. Toward this end, the Board expects that all directors and executive officers own, or acquire within three years of first becoming a director or executive officer or three years following the adoption of these guidelines, whichever is later, shares of common stock of the Company having a market value of at least \$100,000.

The Board recognizes that exceptions to this policy may be necessary or appropriate in individual cases, and may approve such exceptions from time to time as it deems appropriate in the interest of the Company's shareholders.

#### **7. Annual Performance Evaluation**

##### *Board Effectiveness Review*

The Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Nominating and Governance Committee will provide oversight of the evaluation of the Board. The Nominating and Governance Committee will receive comments from all directors and report to the Board with an assessment of the Board's performance and any recommendations following each such review. All directors are free to make suggestions on improvement of the Board's practices at any time and are encouraged to do so. The purpose of this review is to increase the effectiveness of the Board as a whole, not to discuss the performance of individual directors.

##### *Director Evaluation*

The Nominating and Governance Committee will be responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics of prospective Board members as well as the composition of the Board as a whole. This assessment will include members' qualification as independent, as well as consideration of diversity, age, skills and experience in the context of the needs of the Board. The Board expects that the Nominating and Governance Committee will take action to effect changes in incumbent directors if, in the opinion of the committee after discussion with the Chairman, such changes are deemed appropriate.

## **8. Meetings of the Board**

As provided in the Company's bylaws, the Board meets regularly on previously determined dates and conducts special meetings on the call of the Chairman or the president.

## **9. Board Meeting Agendas**

The Chairman establishes the agenda for each Board meeting. Board members are encouraged to suggest items for inclusion on the agenda.

## **10. Board Materials Distributed in Advance**

The agenda for each meeting is provided to the directors in advance of the meeting together with written materials on certain matters to be presented for consideration. Management should endeavor to provide material that is concise and informative. Directors are expected to review these materials before the meeting.

## **11. Executive Sessions of Non-Management Directors**

Non-management directors will meet periodically in executive session without management participation.

## **12. Director Compensation**

The Board sets the level of compensation for directors, based on the recommendation of the Compensation Committee. From time to time the Compensation Committee reviews the amount and form of compensation paid to directors, taking into account the compensation paid to directors of other companies in its peer group and other large U.S. companies of similar size. The committee's review may be conducted with the assistance of outside experts in the field of executive compensation.

## **13. Board Access to Senior Management**

Board members have complete access to the Company's management, employees and its independent advisers for purposes of discharging their duties and responsibilities as directors. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO or any other executive officer of the Company. Directors should use their judgment to ensure that any such contact is not disruptive to the business

operations of the Company and will, to the extent appropriate, copy the CEO on any written communications between a director and any officer or employee of the Company. The Board and its committees will have the right at any time, at the expense of the Company, to retain independent outside financial, legal or other advisors.

#### **14. Board Access to Independent Advisors**

The Board and its committees will have the right at any time, at the expense of the Company, to retain independent outside financial, legal or other advisors.

#### **15. Director Tenure**

The Board believes that term limits on director service and a predetermined retirement age impose arbitrary restrictions on Board membership. Instead, the Board believes directors who, over a period of time, develop an insight into the Company and its operations provide an increasing contribution to the Company as a whole. The Board annual performance evaluation described above will be the primary determinant for board tenure.

#### **16. Directors Who Change Their Current Job Responsibilities**

A director who changes the nature of the job he or she held when he or she was elected to the Board shall promptly notify the Chairman of the Nominating and Governance Committee of the change. This does not mean that such directors should necessarily leave the Board. There should, however, be an opportunity for the Board, via the Nominating and Governance Committee, to review the continued appropriateness of Board membership under these circumstances.

#### **17. Service on Multiple Boards**

To enable the Nominating and Governance Committee to assess a director's effectiveness, any director who serves on more than three other public company boards must advise the Chairman of the Nominating and Governance Committee in advance of accepting an invitation to serve as a member of another public company board.

#### **18. Attendance of Non-Directors at Board Meetings**

The Board believes it is important for directors to know the Company's key senior officers. The Board welcomes the regular attendance at Board meetings of non-Board members who are in the most senior management positions in the Company. The Chairman will extend such invitations.

#### **19. Board Committees**

The Board may from time to time establish committees to assist the Board in overseeing the affairs of the Company. The Board will have, at a minimum, the following three standing committees: Audit, Nominating and Governance, and Compensation. Each of the Audit, Nominating and Governance, and Compensation Committees will have its

own charter in compliance with New York Stock Exchange requirements. These charters will set forth the purpose, composition, and responsibilities of each committee. Each committee may form subcommittees as circumstances warrant.

## **20. Committee Agendas**

The chair of each committee, in consultation with committee members and appropriate members of management, will determine committee agendas. Each committee chair will also determine the length and frequency of committee meetings consistent with any applicable requirements set forth in the committee's charter, applicable New York Stock Exchange Rules, the Company's bylaws and its articles of incorporation.

## **21. Membership of Board Committees**

The Nominating and Governance Committee, in consultation with the Chairman, and in consideration of the wishes of the individual directors, recommends to the full Board the membership of each committee, consistent with the requirements of the committee's charter, applicable New York Stock Exchange Rules, the Company's bylaws and its articles of incorporation. The Audit, Nominating and Governance, and Compensation committees will each be comprised entirely of "independent" directors as that term is defined from time to time by the listing standards of the NYSE.

## **22. Service on Multiple Audit Committees**

If an Audit Committee member simultaneously serves on the audit committee of more than three public companies, the Board will determine whether such simultaneous service would impair the ability of such member to effectively serve on the Company's Audit Committee and will disclose such determination in the Company's annual proxy statement.

## **23. Rotation of Committee Assignments**

The Board believes that committee assignments should be based on each director's knowledge, interests and areas of expertise. The Board believes experience and continuity are more important than rotation and that Board members should only be rotated if rotation is likely to improve committee performance or facilitate the work of the committee.

## **24. Formal Evaluation of Chairman**

The Compensation Committee annually reviews and evaluates the performance of the Chairman. The review is based upon objective criteria, including the performance of the business and accomplishments of objectives previously established in consultation with the Chairman.

The Compensation Committee chairman reports to the Board on the evaluation in executive session.

The results of the review and evaluation are communicated to the Chairman by the chairman of the Compensation Committee and are used by that committee and the Board when considering the compensation of the Chairman.

## **25. Management Development and Succession Planning**

The CEO will report regularly to the Board on management development and succession planning. As part of this review, the CEO will advise the Board as to his recommendation for a successor should he unexpectedly become disabled.

## **26. Director Orientation and Continuing Education**

Each new non-management director will participate in the Company's orientation program, which is conducted as soon as practicable after the new director is elected to the Board. This orientation will include presentations by senior management to familiarize new directors with the Company's strategic plans; its significant financial, accounting and risk management issues; its compliance programs; its corporate governance policies; and its principal officers. All other directors will be invited to attend the orientation program. The Company will make education opportunities available from time to time for the Board in the areas of corporate governance, financial reporting, executive compensation and other areas of interest or concern to the Board.