

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 AND 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2007
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
FOR THE TRANSITION PERIOD FROM \_\_\_\_\_

Commission file number 1-9645

**CLEAR CHANNEL COMMUNICATIONS, INC.**

(Exact name of registrant as specified in its charter)

**Texas**  
(State of Incorporation)

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

**200 East Basse Road**  
**San Antonio, Texas**  
(Address of principal executive offices)

**78209**  
(Zip Code)

**(210) 822-2828**  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check One):  
Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each class of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 8, 2007
Common Stock, \$.10 par value	496,372,680

CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES

INDEX

	<u>Page No.</u>
<b>Part I — Financial Information</b>	
Item 1. Unaudited Financial Statements	
Consolidated Balance Sheets at March 31, 2007 and December 31, 2006	3
Consolidated Statements of Operations for the three months ended March 31, 2007 and 2006	5
Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2007 and 2006	6
Notes to Consolidated Financial Statements	7
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	14
Item 3. Quantitative and Qualitative Disclosures About Market Risk	24
Item 4. Controls and Procedures	24
<b>Part II — Other Information</b>	
Item 1. Legal Proceedings	25
Item 1A. Risk Factors	26
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	26
Item 6. Exhibits	26
Signatures	27
Index to Exhibits	28

**PART I**

**Item 1. UNAUDITED FINANCIAL STATEMENTS**

**CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
ASSETS  
(In thousands)**

	March 31, 2007 (Unaudited)	December 31, 2006 (Audited)
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 107,605	\$ 114,004
Accounts receivable, net of allowance of \$60,896 in 2007 and \$57,799 in 2006	1,542,603	1,695,348
Prepaid expenses	135,925	122,845
Other current assets	269,208	266,141
Income taxes receivable	10,465	7,392
<b>Total Current Assets</b>	<u>2,065,806</u>	<u>2,205,730</u>
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Land, buildings and improvements	891,215	888,593
Structures	3,618,317	3,601,653
Towers, transmitters and studio equipment	860,568	855,940
Furniture and other equipment	568,633	555,050
Construction in progress	96,172	92,641
	<u>6,034,905</u>	<u>5,993,877</u>
Less accumulated depreciation	2,871,290	2,787,934
	<u>3,163,615</u>	<u>3,205,943</u>
Property, plant and equipment from discontinued operations, net	25,303	30,267
<b>INTANGIBLE ASSETS</b>		
Definite-lived intangibles, net	505,046	522,817
Indefinite-lived intangibles – licenses	4,316,006	4,323,447
Indefinite-lived intangibles – permits	242,343	260,950
Goodwill	7,434,320	7,421,924
Intangible assets from discontinued operations, net	86,009	92,527
<b>OTHER ASSETS</b>		
Notes receivable	7,537	7,587
Investments in, and advances to, nonconsolidated affiliates	318,462	314,647
Other assets	283,682	270,204
Other investments	238,201	245,749
<b>Total Assets</b>	<u>\$18,686,330</u>	<u>\$18,901,792</u>

See Notes to Consolidated Financial Statements

**CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**LIABILITIES AND SHAREHOLDERS' EQUITY**  
(In thousands)

	<u>March 31,</u> 2007 (Unaudited)	<u>December 31,</u> 2006 (Audited)
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 133,236	\$ 156,921
Accrued expenses	821,082	893,045
Accrued interest	87,389	112,049
Current portion of long-term debt	562,638	336,375
Deferred income	193,677	143,691
Other current liabilities	<u>17,160</u>	<u>21,765</u>
<b>Total Current Liabilities</b>	1,815,182	1,663,846
Long-term debt	6,862,109	7,326,700
Other long-term obligations	73,165	68,509
Deferred income taxes	649,231	752,431
Other long-term liabilities	795,069	698,574
Minority interest	362,852	349,391
Commitments and contingent liabilities (Note 6)		
<b>SHAREHOLDERS' EQUITY</b>		
Common Stock	49,632	49,399
Additional paid-in capital	26,805,623	26,745,687
Retained deficit	(19,029,751)	(19,054,365)
Accumulated other comprehensive income	306,767	304,975
Cost of shares held in treasury	<u>(3,549)</u>	<u>(3,355)</u>
<b>Total Shareholders' Equity</b>	8,128,722	8,042,341
<b>Total Liabilities and Shareholders' Equity</b>	<u>\$ 18,686,330</u>	<u>\$ 18,901,792</u>

See Notes to Consolidated Financial Statements

**CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**  
**(In thousands, except per share data)**

	Three Months Ended March 31,	
	2007	2006
Revenue	\$ 1,608,315	\$ 1,489,609
Operating expenses:		
Direct operating expenses (includes share based payments of \$3,202 and \$4,316 in 2007 and 2006, respectively, and excludes depreciation and amortization)	669,271	623,302
Selling, general and administrative expenses (includes share based payments of \$3,026 and \$4,450 in 2007 and 2006, respectively, and excludes depreciation and amortization)	461,177	448,658
Depreciation and amortization	147,377	150,066
Corporate expenses (includes share based payments of \$2,414 and \$3,403 in 2007 and 2006, respectively, and excludes depreciation and amortization)	49,144	41,524
Merger expenses	1,686	—
Gain on disposition of assets — net	5,297	47,507
Operating income	284,957	273,566
Interest expense	118,074	114,376
Gain (loss) on marketable securities	395	(2,324)
Equity in earnings of nonconsolidated affiliates	5,094	6,909
Other income (expense) — net	53	(583)
Income before income taxes, minority interest and discontinued operations	172,425	163,192
Income tax benefit (expense):		
Current	(36,004)	(4,159)
Deferred	(36,932)	(62,750)
Income tax benefit (expense)	(72,936)	(66,909)
Minority interest income (expense), net of tax	(276)	780
Income before discontinued operations	99,213	97,063
Income (loss) from discontinued operations, net	3,009	(249)
Net income	\$ 102,222	\$ 96,814
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	8,751	9,089
Unrealized gain (loss) on securities and derivatives:		
Unrealized holding gain (loss) on marketable securities	(6,959)	(24,058)
Unrealized holding gain (loss) on cash flow derivatives	—	25,564
Comprehensive income	\$ 104,014	\$ 107,409
Net income (loss) per common share:		
Income before discontinued operations — Basic	\$ .20	\$ .19
Discontinued operations — Basic	.01	(.00)
Net income (loss) — Basic	\$ .21	\$ .19
Income before discontinued operations — Diluted	\$ .20	\$ .19
Discontinued operations — Diluted	.01	(.00)
Net income (loss) — Diluted	\$ .21	\$ .19
Dividends declared per share	\$ .1875	\$ .1875

See Notes to Consolidated Financial Statements

**CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**  
**(In thousands)**

	Three Months Ended March 31,	
	2007	2006
<b>Cash flows from operating activities:</b>		
Net income	\$ 102,222	\$ 96,814
(Income) loss from discontinued operations, net	(3,009)	249
	<u>99,213</u>	<u>97,063</u>
<b>Reconciling items:</b>		
Depreciation and amortization	147,377	150,066
Deferred taxes	36,932	62,750
(Gain) loss on disposal of assets	(5,297)	(47,507)
(Gain) loss forward exchange contract	2,962	8,798
(Gain) loss on trading securities	(3,358)	(6,474)
Provision for doubtful accounts	9,215	6,894
Share-based compensation	8,642	12,169
Equity in earnings of non-consolidated affiliates	(5,094)	(6,909)
Other reconciling items — net	129	(2,258)
<b>Changes in operating assets and liabilities:</b>		
Decrease in income taxes receivable	—	118,120
Changes in other operating assets and liabilities, net of effects of acquisitions	47,134	50,163
Net cash provided by operating activities	<u>337,855</u>	<u>442,875</u>
<b>Cash flows from investing activities:</b>		
Decrease (increase) in notes receivable — net	50	1,920
Decrease (increase) in investments in and advances to nonconsolidated affiliates — net	5,835	2,710
Purchases of investments	(393)	—
Purchases of property, plant and equipment	(67,537)	(63,806)
Proceeds from disposal of assets	13,333	44,217
Acquisition of operating assets, net of cash acquired	(12,189)	(61,452)
Decrease (increase) in other — net	(14,816)	(20,558)
Net cash used in investing activities	<u>(75,717)</u>	<u>(96,969)</u>
<b>Cash flows from financing activities:</b>		
Draws on credit facilities	252,881	1,054,007
Payments on credit facilities	(239,582)	(926,772)
Proceeds from long-term debt	—	508,849
Payments on long-term debt	(260,416)	(9,189)
Payments for purchase of common shares	—	(876,316)
Proceeds from exercise of stock options, stock purchase plan, common stock warrants, and other	56,555	9,756
Dividends paid	(92,603)	(100,909)
Net cash used in financing activities	<u>(283,165)</u>	<u>(340,574)</u>
<b>Cash flows from discontinued operations:</b>		
Net cash provided by operating activities	703	1,837
Net cash provided by (used in) investing activities	13,925	(319)
Net cash provided by (used in) financing activities	—	—
Net cash provided by (used in) discontinued operations	<u>14,628</u>	<u>1,518</u>
Net (decrease) increase in cash and cash equivalents	(6,399)	6,850
Cash and cash equivalents at beginning of period	114,004	82,786
Cash and cash equivalents at end of period	<u>\$ 107,605</u>	<u>\$ 89,636</u>

See Notes to Consolidated Financial Statements

**CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Preparation of Interim Financial Statements

The consolidated financial statements were prepared by Clear Channel Communications, Inc. (the "Company") pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and, in the opinion of management, include all adjustments (consisting of normal recurring accruals and adjustments necessary for adoption of new accounting standards) necessary to present fairly the results of the interim periods shown. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States have been condensed or omitted pursuant to such SEC rules and regulations. Management believes that the disclosures made are adequate to make the information presented not misleading. Due to seasonality and other factors, the results for the interim periods are not necessarily indicative of results for the full year. The financial statements contained herein should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 2006 Annual Report on Form 10-K.

The consolidated financial statements include the accounts of the Company and its subsidiaries. Investments in companies in which the Company owns 20 percent to 50 percent of the voting common stock or otherwise exercises significant influence over operating and financial policies of the company are accounted for under the equity method. All significant intercompany transactions are eliminated in the consolidation process.

Certain Reclassifications

The Company has reclassified certain selling, general and administrative expenses to direct operating expenses in 2006 to conform to current year presentation.

Discontinued Operations and Assets Held for Sale

On November 16, 2006, the Company announced plans to sell certain radio markets, comprising 448 of its radio stations. These markets are located outside the top 100 U.S. media markets. As of March 31, 2007 the Company had sold 12 radio stations, 5 of which were not part of the announced 448 stations, and had definitive agreements to sell an additional 93 radio stations, 8 of which were not part of the announced 448 stations. The closing of the transactions under definitive asset purchase agreements will be subject to antitrust clearances, FCC approval and other customary closing conditions. The Company determined that each of these markets represents a disposal group. Consistent with the provisions of Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-lived Assets*, the Company classified these markets' assets and liabilities that are subject to transfer under the definitive asset purchase agreements as discontinued operations at March 31, 2007 and December 31, 2006. Accordingly, depreciation and amortization associated with these assets was discontinued. Additionally, the Company determined that these markets comprise operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Company. Therefore, the results of operations for these markets were presented as discontinued operations, net of tax, for all periods presented. As a result, the historical footnote disclosures have been revised to exclude amounts related to these businesses. As of March 31, 2007, the Company determined that the estimated fair value less costs to sell attributable to these markets was in excess of the carrying value of their related net assets held for sale.

Summarized operating results for the three months ended March 31, 2007 and 2006 from these markets are as follows:

<i>(In thousands)</i>	<u>2007</u>	<u>2006</u>
Revenue	\$11,030	\$14,773
Income (loss) before income taxes	\$ 2,815	\$ (422)

Included in income (loss) from discontinued operations, net are an income tax benefit of \$0.2 million and an expense of \$0.2 million for the three months ended March 31, 2007 and 2006, respectively. Also included in income (loss) from discontinued operations for the three months ended March 31, 2007 is a gain on sale of stations of \$2.8 million.

Recent Accounting Pronouncements

Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities — including an amendment of FASB Statement No. 115* ("Statement 159"), was issued in February 2007. Statement 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. Statement 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between

entities that choose different measurement attributes for similar types of assets and liabilities. Statement 159 does not affect any existing accounting literature that requires certain assets and liabilities to be carried at fair value. Statement 159 does not eliminate disclosure requirements included in other accounting standards, including requirements for disclosures about fair value measurements included in Statements No. 157, *Fair Value Measurements*, and No. 107, *Disclosures about Fair Value of Financial Instruments*. Statement 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. The Company expects to adopt Statement 159 on January 1, 2008 and does not anticipate adoption to materially impact its financial position or results of operations.

#### New Accounting Standard

The Company adopted Financial Accounting Standard Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48") on January 1, 2007. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in the financial statements. FIN 48 prescribes a recognition threshold for the financial statement recognition and measurement of a tax position taken or expected to be taken within an income tax return. The adoption of FIN 48 resulted in an increase of \$15.4 million to the January 1, 2007 balance of "Retained deficit" and an increase of \$101.7 million in "Other long term-liabilities" for unrecognized tax benefits and a decrease of \$138.6 million in "Deferred income taxes". The total amount of unrecognized tax benefits at January 1, 2007 was \$416.1 million, inclusive of \$89.6 million for interest. Of this total, \$218.4 million represents the amount of unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in future periods.

The Company continues to record interest and penalties related to unrecognized tax benefits in current income tax expense. The total amount of interest accrued during the quarter ended March 31, 2007, was \$10.0 million. The total amount of unrecognized tax benefits at March 31, 2007 was \$426.1 million.

The Company and its subsidiaries file income tax returns in the United States federal jurisdiction and various state and foreign jurisdictions. The Company is in the process of settling most federal issues for the tax years 2000, 2001 and 2002 with the Internal Revenue Service ("IRS"). The IRS is near completion of its field examinations of the Company's tax returns through 2004. The Company expects to resolve several of its federal issues with the IRS within the next 12 months without any material adverse impact on the Company's financial statements. Substantially all material state, local, and foreign income tax matters have been concluded for years through 1999.

#### Note 2: INTANGIBLE ASSETS AND GOODWILL

The Company has definite-lived intangible assets which consist primarily of transit and street furniture contracts and other contractual rights in its Americas and International outdoor segments, talent and program right contracts in its radio segment, and contracts for non-affiliated radio and television stations in the Company's media representation operations, all of which are amortized over the respective lives of the agreements. Other definite-lived intangible assets are amortized over the period of time the assets are expected to contribute directly or indirectly to the Company's future cash flows.

The following table presents the gross carrying amount and accumulated amortization for each major class of definite-lived intangible assets at March 31, 2007 and December 31, 2006:

	March 31, 2007		December 31, 2006	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
<i>(In thousands)</i>				
Transit, street furniture, and other outdoor contractual rights	\$ 822,827	\$ 544,239	\$ 821,364	\$ 530,063
Talent contracts	125,270	119,708	125,270	115,537
Representation contracts	356,737	184,002	349,493	175,658
Other	125,868	77,707	124,881	76,933
Total	<u>\$ 1,430,702</u>	<u>\$ 925,656</u>	<u>\$ 1,421,008</u>	<u>\$ 898,191</u>

Total amortization expense from definite-lived intangible assets for the three months ended March 31, 2007 and for the year ended December 31, 2006 was \$26.2 million and \$150.8 million, respectively. The following table presents the Company's estimate of amortization expense for each of the five succeeding fiscal years for definite-lived intangible assets:

<i>(In thousands)</i>	
2008	\$78,540
2009	66,573
2010	50,086
2011	41,178
2012	38,667

As acquisitions and dispositions occur in the future and as purchase price allocations are finalized, amortization expense may vary.

The Company's indefinite-lived intangible assets consist of FCC broadcast licenses and billboard permits. FCC broadcast licenses are granted to both radio and television stations for up to eight years under the Telecommunications Act of 1996. The Act requires the FCC to renew a broadcast license if: it finds that the station has served the public interest, convenience and necessity; there have been no serious violations of either the Communications Act of 1934 or the FCC's rules and regulations by the licensee; and there have been no other serious violations which taken together constitute a pattern of abuse. The licenses may be renewed indefinitely at little or no cost. The Company does not believe that the technology of wireless broadcasting will be replaced in the foreseeable future. The Company's billboard permits are issued in perpetuity by state and local governments and are transferable or renewable at little or no cost. Permits typically include the location for which the permit allows the Company the right to operate an advertising structure. The Company's permits are located on either owned or leased land. In cases where the Company's permits are located on leased land, the leases are typically from 1 to 20 years and renew indefinitely, with rental payments generally escalating at an inflation based index. If the Company loses its lease, the Company will typically obtain permission to relocate the permit or bank it with the municipality for future use.

The Company does not amortize its FCC broadcast licenses or billboard permits. The Company tests these indefinite-lived intangible assets for impairment at least annually using the direct method. Under the direct method, it is assumed that rather than acquiring indefinite-lived intangible assets as a part of a going concern business, the buyer hypothetically obtains indefinite-lived intangible assets and builds a new operation with similar attributes from scratch. Thus, the buyer incurs start-up costs during the build-up phase which are normally associated with going concern value. Initial capital costs are deducted from the discounted cash flows model which results in value that is directly attributable to the indefinite-lived intangible assets.

Under the direct method, the Company continues to aggregate its indefinite-lived intangible assets at the market level for purposes of impairment testing. The Company's key assumptions using the direct method are market revenue growth rates, market share, profit margin, duration and profile of the build-up period, estimated start-up capital costs and losses incurred during the build-up period, the risk-adjusted discount rate and terminal values. This data is populated using industry normalized information.

#### Goodwill

The Company tests goodwill for impairment using a two-step process. The first step, used to screen for potential impairment, compares the fair value of the reporting unit with its carrying amount, including goodwill. The second step, used to measure the amount of the impairment loss, compares the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. The following table presents the changes in the carrying amount of goodwill in each of the Company's reportable segments for the three month period ended March 31, 2007:

<i>(In thousands)</i>	Radio	Americas Outdoor	International Outdoor	Other	Total
Balance as of December 31, 2006	\$6,279,240	\$667,986	\$ 425,630	\$49,068	\$7,421,924
Acquisitions	—	5,610	1,420	—	7,030
Dispositions	(204)	—	—	—	(204)
Foreign currency	—	1,937	1,308	—	3,245
Adjustments	2,701	(177)	—	(199)	2,325
Balance as of March 31, 2007	<u>\$6,281,737</u>	<u>\$675,356</u>	<u>\$ 428,358</u>	<u>\$48,869</u>	<u>\$7,434,320</u>

### Note 3: DERIVATIVE INSTRUMENTS

The Company holds options under two secured forward exchange contracts that limit its exposure to and benefit from price fluctuations in American Tower Corporation (“AMT”) over the terms of the contracts (the “AMT contracts”). These options are not designated as hedges of the underlying shares of AMT. The AMT contracts had a value of \$13.3 million and \$10.3 million recorded in “Other long term liabilities” at March 31, 2007 and December 31, 2006, respectively. For the three months ended March 31, 2007 and year ended December 31, 2006, the Company recognized losses of \$3.0 million and \$22.0 million, respectively, in “Gain (loss) on marketable securities” related to the change in fair value of the options. To offset the change in the fair value of these contracts, the Company has recorded AMT shares as trading securities. During the three months ended March 31, 2007 and year ended December 31, 2006, the Company recognized gains of \$3.4 million and \$20.5 million, respectively, in “Gain (loss) on marketable securities” related to the change in the fair value of the shares.

The Company is exposed to foreign currency exchange risks related to its investment in net assets in foreign countries. To manage this risk, the Company entered into two United States dollar — Euro cross currency swaps with an aggregate Euro notional amount of €706.0 million and a corresponding aggregate U.S. dollar notional amount of \$877.7 million. These cross currency swaps had a value of \$73.2 million at March 31, 2007 and \$68.5 million at December 31, 2006, which was recorded in “Other long-term obligations”. These cross currency swaps require the Company to make fixed cash payments on the Euro notional amount while it receives fixed cash payments on the equivalent U.S. dollar notional amount, all on a semiannual basis. The Company has designated these cross currency swaps as a hedge of its net investment in Euro denominated assets. The Company selected the forward method under the guidance of the Derivatives Implementation Group Statement 133 Implementation Issue H8, *Foreign Currency Hedges: Measuring the Amount of Ineffectiveness in a Net Investment Hedge*. The forward method requires all changes in the fair value of the cross currency swaps and the semiannual cash payments to be reported as a cumulative translation adjustment in other comprehensive income (loss) in the same manner as the underlying hedged net assets. As of March 31, 2007, a \$43.6 million loss, net of tax, was recorded as a cumulative translation adjustment to other comprehensive income (loss) related to the cross currency swap.

### Note 4: RECENT DEVELOPMENTS

#### Acquisitions

The Company acquired Americas outdoor display faces and additional equity interests in an international outdoor company for \$12.2 million in cash during the three months ended March 31, 2007.

#### Disposition of Assets

The Company received proceeds of \$13.3 million primarily related to the sale of representation contracts and international street furniture assets recorded in cash flows from investing activities during the first quarter of 2007. The Company also received proceeds of \$13.9 million related to the sale of radio stations recorded as investing cash flows from discontinued operations during the first quarter of 2007.

#### Debt Maturities

On February 1, 2007, the Company redeemed its 3.125% Senior Notes at their maturity for \$250.0 million plus accrued interest with proceeds from its bank credit facility.

#### Recent Legal Proceedings

The Company is currently involved in certain legal proceedings and, as required, has accrued our estimate of the probable costs for the resolution of these claims. These estimates have been developed in consultation with counsel and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. It is possible, however, that future results of operations for any particular period could be materially affected by changes in management’s assumptions or the effectiveness of its strategies related to these proceedings.

### Note 5: RESTRUCTURING

The Company restructured its outdoor operations in France in the third quarter of 2005. As a result, the Company recorded \$26.6 million in restructuring costs as a component of selling, general and administrative expenses. Of the \$26.6 million, \$22.5 million was related to severance costs and \$4.1 million was related to other costs. During 2007, \$5.0 million of related costs were paid and charged to the restructuring accrual. As of March 31, 2007, the balance was \$6.1 million.

#### Note 6: COMMITMENTS AND CONTINGENCIES

Certain agreements relating to acquisitions provide for purchase price adjustments and other future contingent payments based on the financial performance of the acquired companies. The Company will continue to accrue additional amounts related to such contingent payments if and when it is determinable that the applicable financial performance targets will be met. The aggregate of these contingent payments, if performance targets are met, would not significantly impact the financial position or results of operations of the Company.

As discussed in Note 4, there are various lawsuits and claims pending against the Company. Based on current assumptions, the Company has accrued its estimate of the probable costs for the resolution of these claims. Future results of operations could be materially affected by changes in these assumptions.

#### Note 7: GUARANTEES

Within the Company's \$1.75 billion credit facility, there exists a \$150.0 million sub-limit available to certain of the Company's international subsidiaries. This \$150.0 million sub-limit allows for borrowings in various foreign currencies, which are used to hedge net assets in those currencies and provide funds to the Company's international operations for certain working capital needs. Subsidiary borrowings under this sub-limit are guaranteed by the Company. At March 31, 2007, this portion of the \$1.75 billion credit facility's outstanding balance was \$17.7 million, which is recorded in "Long-term debt" on the Company's financial statements.

Within the Company's bank credit facility agreement is a provision that requires the Company to reimburse lenders for any increased costs that they may incur in an event of a change in law, rule or regulation resulting in their reduced returns from any change in capital requirements. In addition to not being able to estimate the potential amount of any future payment under this provision, the Company is not able to predict if such event will ever occur.

The Company guarantees \$40.0 million of credit lines provided to certain of its international subsidiaries by a major international bank. Most of these credit lines relate to intraday overdraft facilities covering participants in the Company's European cash management pool. As of March 31, 2007, no amounts were outstanding under these agreements.

As of March 31, 2007, the Company has outstanding commercial standby letters of credit and surety bonds of \$80.4 million and \$39.9 million, respectively. These letters of credit and surety bonds relate to various operational matters including insurance, bid, and performance bonds as well as other items. Letters of credit issued under the Company's \$1.75 billion credit facility reduce the borrowing availability on the credit facility, and are included in the Company's calculation of its leverage ratio covenant under the bank credit facilities. The surety bonds are not considered as borrowings under the Company's bank credit facilities.

#### Note 8: SEGMENT DATA

The Company has three reportable segments, which it believes best reflects how the Company is currently managed – radio broadcasting, Americas outdoor advertising and International outdoor advertising. The Americas outdoor advertising segment consists primarily of our operations in the United States, Canada and Latin America, and the International outdoor segment includes operations primarily in Europe, Asia, Africa and Australia. The category "other" includes television broadcasting, media representation and other general support services and initiatives. Revenue and expenses earned and charged between segments are recorded at fair value and eliminated in consolidation.

<i>(In thousands)</i>	Radio Broadcasting	Americas Outdoor Advertising	International Outdoor Advertising	Other	Corporate and gain on disposition of assets - net	Eliminations	Consolidated
<b>Three Months Ended March 31, 2007</b>							
Revenue	\$ 819,744	\$ 317,023	\$ 373,833	\$ 129,737	\$ —	\$ (32,022)	\$ 1,608,315
Direct operating expenses	239,692	134,914	259,291	53,794	—	(18,420)	669,271
Selling, general and administrative expenses	288,334	54,243	73,290	58,912	—	(13,602)	461,177
Depreciation and amortization	31,585	46,561	49,109	15,775	4,347	—	147,377
Corporate expenses	—	—	—	—	49,144	—	49,144
Merger expenses	—	—	—	—	1,686	—	1,686
Gain on disposition of assets — net	—	—	—	—	5,297	—	5,297
Operating income (loss)	\$ 260,133	\$ 81,305	\$ (7,857)	\$ 1,256	\$ (49,880)	\$ —	\$ 284,957
Intersegment revenues	\$ 10,577	\$ 1,904	\$ —	\$ 19,541	\$ —	\$ —	\$ 32,022
Identifiable assets	\$12,019,918	\$2,764,927	\$2,391,523	\$1,064,020	\$ 334,630	\$ —	\$18,575,018
Capital expenditures	\$ 16,394	\$ 22,582	\$ 24,671	\$ 2,423	\$ 1,467	\$ —	\$ 67,537
Share-based payments	\$ 4,464	\$ 1,126	\$ 241	\$ 397	\$ 2,414	\$ —	\$ 8,642
<b>Three Months Ended March 31, 2006</b>							
Revenue	\$ 794,123	\$ 274,102	\$ 324,267	\$ 129,353	\$ —	\$ (32,236)	\$ 1,489,609
Direct operating expenses	242,703	120,011	224,385	54,237	—	(18,034)	623,302
Selling, general and administrative expenses	289,535	48,194	66,841	58,290	—	(14,202)	448,658
Depreciation and amortization	32,653	42,232	54,088	16,721	4,372	—	150,066
Corporate expenses	—	—	—	—	41,524	—	41,524
Gain on disposition of assets — net	—	—	—	—	47,507	—	47,507
Operating income (loss)	\$ 229,232	\$ 63,665	\$ (21,047)	\$ 105	\$ 1,611	\$ —	\$ 273,566
Intersegment revenues	\$ 10,943	\$ 1,821	\$ —	\$ 19,472	\$ —	\$ —	\$ 32,236
Identifiable assets	\$11,963,535	\$2,517,865	\$2,132,607	\$1,111,044	\$ 663,504	\$ —	\$18,388,555
Capital expenditures	\$ 18,192	\$ 14,220	\$ 29,498	\$ 1,878	\$ 18	\$ —	\$ 63,806
Share-based payments	\$ 6,309	\$ 1,157	\$ 323	\$ 977	\$ 3,403	\$ —	\$ 12,169

Revenue of \$399.5 million and \$346.4 million and identifiable assets of \$2.7 billion and \$2.3 billion derived from the Company's foreign operations are included in the data above for the three months ended March 31, 2007 and 2006, respectively.

#### Note 9: SUBSEQUENT EVENTS

On November 16, 2006, the Company entered into an Agreement and Plan of Merger (as amended, the "Merger Agreement"), with a Group led by Thomas H. Lee Partners, L.P. and Bain Capital Partners, LLC. On April 18, 2007 the Company announced that it entered into an amendment to the Merger Agreement providing for, among other things, an increase in the merger consideration to be paid in the merger. Pursuant to the Merger Agreement, as amended, each share of the Company's common stock, other than those shares (i) held in the Company's treasury stock or owned by Merger Sub immediately prior to the effective time of the merger, (ii) held by shareholders who properly exercise their appraisal rights under Texas law, if any, and (iii) held by certain employees of the Company who have agreed to convert equity securities of the Company held by them into equity securities of the surviving corporation, will be converted into the right to receive \$39.00 in cash, without interest, and less any applicable withholding tax. The consummation of the merger is subject to shareholder approval, antitrust clearances, FCC approval and other customary closing conditions. The Company's Special Meeting of Shareholders to vote on the Merger Agreement is currently scheduled for May 22, 2007.

On May 7, 2007, the Company announced that it is in discussions with the private equity group led by Thomas H. Lee Partners, L.P. and Bain Capital Partners, LLC regarding possible changes to the terms and structure of the merger.

On April 19, 2007, the Company's Board of Directors declared a quarterly cash dividend of \$0.1875 per share on the Company's Common Stock. The dividend is payable on July 15, 2007 to shareholders of record at the close of business on June 30, 2007.

On April 20, 2007, the Company entered into a definitive agreement to sell its television business for approximately \$1.2 billion. The Company estimates net proceeds after taxes and customary transaction costs will be approximately \$1.1 billion. The transaction is expected to close in the fourth quarter of 2007, subject to regulatory approvals and other customary closing conditions. The Company will begin reporting the results of operations for its television business as discontinued operations in the consolidated statements of operations and its assets and liabilities as assets and liabilities from discontinued operations in the consolidated balance sheet beginning in the second quarter of 2007.

Subsequent to March 31, 2007, the Company entered into definitive agreements for the sale of 273 additional radio stations. The closing of these sales is subject to antitrust clearances, FCC approval and other customary closing conditions. The Company also completed the sale of 8 radio stations it had under definitive asset purchase agreements at March 31, 2007.

## **Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

### ***Proposed Merger with a Group led by Thomas H. Lee Partners, L.P. and Bain Capital Partners, LLC***

On November 16, 2006, we entered into an Agreement and Plan of Merger (as amended, the "Merger Agreement"), with a Group led by Thomas H. Lee Partners, L.P. and Bain Capital Partners, LLC. On April 18, 2007 we announced that we had entered into an amendment to the Merger Agreement providing for, among other things, an increase in the merger consideration to be paid in the merger. Pursuant to the Merger Agreement, as amended, each share of our common stock, other than those shares (i) held in our treasury stock or owned by Merger Sub immediately prior to the effective time of the merger, (ii) held by shareholders who properly exercise their appraisal rights under Texas law, if any, and (iii) held by certain employees of ours who have agreed to convert equity securities of ours held by them into equity securities of the surviving corporation, will be converted into the right to receive \$39.00 in cash, without interest, and less any applicable withholding tax. The consummation of the merger is subject to shareholder approval, antitrust clearances, FCC approval and other customary closing conditions. Our Special Meeting of Shareholders to vote on the Merger Agreement is currently scheduled for May 22, 2007.

On May 7, 2007, we announced that we are in discussions with the private equity group led by Thomas H. Lee Partners, L.P. and Bain Capital Partners, LLC regarding possible changes to the terms and structure of the merger.

### ***Sale of Radio Stations and all of our Television Stations***

On November 16, 2006, we announced plans to sell 448 radio stations and all of our television stations. The sale of these assets is not contingent on the closing of the merger with the private equity funds sponsored by Bain Capital Partners, LLC and Thomas H. Lee Partners, L.P. Definitive asset purchase agreements were signed for 93 radio stations, 8 of which were not part of the announced 448 stations, as of March 31, 2007. These stations, along with 12 stations which were sold in the fourth quarter of 2006 and first quarter of 2007, 5 of which were not part of the announced 448 stations, were classified as assets from discontinued operations in our consolidated balance sheet and as discontinued operations in our consolidated statements of operations. Through May 8, 2007, we had definitive asset purchase agreements for the sale of 273 additional radio stations. The closing of these sales is subject to antitrust clearances, FCC approval and other customary closing conditions.

On April 20, 2007, we announced that we entered into a definitive agreement to sell our television business for approximately \$1.2 billion. The sale of our television business is not contingent on the closing of the merger with the private equity funds sponsored by Bain Capital Partners, LLC and Thomas H. Lee Partners, L.P. The transaction is expected to close in the fourth quarter of 2007, subject to regulatory approvals and other customary closing conditions. We will begin reporting the assets and results of operations of our television business as discontinued operations beginning in the second quarter of 2007.

### ***Format of Presentation***

Management's discussion and analysis of our results of operations and financial condition should be read in conjunction with the consolidated financial statements and related footnotes. Our discussion is presented on both a consolidated and segment basis. Our reportable operating segments are Radio Broadcasting, or radio, which includes our national syndication business, Americas Outdoor Advertising, or Americas, and International Outdoor Advertising, or International. Included in the "other" segment are television broadcasting; our media representation business, Katz Media; as well as other general support services and initiatives.

We manage our operating segments primarily focusing on their operating income, while Corporate expenses, Merger expenses, Gain (loss) on disposition of assets — net, Interest expense, Gain (loss) on marketable securities, Equity in earnings of nonconsolidated affiliates, Other income (expense) — net, Income tax benefit (expense), Minority interest — net of tax, and Discontinued operations are managed on a total company basis and are, therefore, included only in our discussion of consolidated results.

### ***Radio Broadcasting***

Our revenues are derived from selling advertising time, or spots, on our radio stations, with advertising contracts typically less than one year. Our radio markets are run predominantly by local management teams who control the formats selected for their programming. The formats are designed to reach audiences with targeted demographic characteristics that appeal to our advertisers. Management monitors average advertising rates, which are principally based on the length of the spot and how many people in a targeted audience listen to our stations, as measured by an independent ratings service. The size of the market influences rates as well, with larger markets typically receiving higher rates than smaller markets. Also, our advertising rates are influenced by the time of day the advertisement airs, with morning and evening drive-time hours typically the highest. Management monitors yield in

addition to average rates because yield allows management to track revenue performance across our inventory. Yield is defined by management as revenue earned divided by commercial capacity available.

Management monitors macro level indicators to assess our radio operations' performance. Due to the geographic diversity and autonomy of our markets, we have a multitude of market specific advertising rates and audience demographics. Therefore, management reviews average unit rates across all of our stations.

Management looks at our radio operations' overall revenues as well as local advertising, which is sold predominately in a station's local market, and national advertising, which is sold across multiple markets. Local advertising is sold by each radio stations' sales staffs while national advertising is sold, for the most part, through our national representation firm. Local advertising, which is our largest source of advertising revenue, and national advertising revenues are tracked separately, because these revenue streams have different sales forces and respond differently to changes in the economic environment.

Management also looks at radio revenue by market size, as defined by Arbitron. Typically, larger markets can reach larger audiences with wider demographics than smaller markets. Additionally, management reviews our share of target demographics listening to the radio in an average quarter hour. This metric gauges how well our formats are attracting and keeping listeners.

A portion of our radio segment's expenses vary in connection with changes in revenue. These variable expenses primarily relate to costs in our sales department, such as salaries, commissions and bad debt. Our programming and general and administrative departments incur most of our fixed costs, such as talent costs, rights fees, utilities and office salaries. Lastly, our highly discretionary costs are in our marketing and promotions department, which we primarily incur to maintain and/or increase our audience share.

### ***Americas and International Outdoor Advertising***

Our revenues are derived from selling advertising space on the displays that we own or operate in key markets worldwide consisting primarily of billboards, street furniture and transit displays. We own the majority of our advertising displays, which typically are located on sites that we either lease or own or for which we have acquired permanent easements. Our advertising contracts typically outline the number of displays reserved, the duration of the advertising campaign and the unit price per display.

Our advertising rates are based on the gross rating points, or total number of impressions delivered by a display or group of displays, expressed as a percentage of a market population. The number of impressions delivered by a display is measured by the number of people passing the site during a defined period of time and, in some international markets, is weighted to account for such factors as illumination, proximity to other displays and the speed and viewing angle of approaching traffic. Management typically monitors our business by reviewing the average rates, average revenues per display, occupancy, and inventory levels of each of our display types by market. In addition, because a significant portion of our advertising operations are conducted in foreign markets, principally France and the United Kingdom, management reviews the operating results from our foreign operations on a constant dollar basis. A constant dollar basis allows for comparison of operations independent of foreign exchange movements. Because revenue-sharing and minimum guaranteed payment arrangements are more prevalent in our International operations, the margins in our International operations typically are less than the margins in our Americas operations.

The significant expenses associated with our operations include (i) direct production, maintenance and installation expenses, (ii) site lease expenses for land under our displays and (iii) revenue-sharing or minimum guaranteed amounts payable under our street furniture and transit display contracts. Our direct production, maintenance and installation expenses include costs for printing, transporting and changing the advertising copy on our displays, the related labor costs, the vinyl and paper costs and the costs for cleaning and maintaining our displays. Vinyl and paper costs vary according to the complexity of the advertising copy and the quantity of displays. Our site lease expenses include lease payments for use of the land under our displays, as well as any revenue-sharing arrangements or minimum guaranteed amounts payable that we may have with the landlords. The terms of our site leases and revenue-sharing or minimum guaranteed contracts generally range from 1 to 20 years.

Our street furniture and transit display contracts, the terms of which range from 3 to 20 years, generally require us to make upfront investments in property, plant and equipment. These contracts may also include upfront lease payments and/or minimum annual guaranteed lease payments. We can give no assurance that our cash flows from operations over the terms of these contracts will exceed the upfront and minimum required payments.

The results in the 2007 period reflect our acquisition of Interspace Airport Advertising, or Interspace, which we acquired in July 2006.

### FAS 123(R), Share-Based Payment

As of March 31, 2007, there was \$75.2 million of total unrecognized compensation cost related to nonvested share-based compensation arrangements. This cost is expected to be recognized over a weighted average period of approximately three years. The following table details compensation costs related to share-based payments for the three months ended March 31, 2007 and 2006:

<i>(In millions)</i>	2007	2006
Radio Broadcasting		
Direct Operating Expenses	\$2.0	\$2.8
SG&A	2.5	3.5
Americas Outdoor Advertising		
Direct Operating Expenses	\$0.8	\$0.8
SG&A	0.3	0.3
International Outdoor Advertising		
Direct Operating Expenses	\$0.2	\$0.2
SG&A	0.1	0.1
Other		
Direct Operating Expenses	\$0.2	\$0.5
SG&A	0.2	0.6
Corporate	\$2.4	\$3.4

The comparison of Three Months Ended March 31, 2007 to Three Months Ended March 31, 2006 is as follows:

<i>(In thousands)</i>	Three Months Ended March 31,		%
	2007	2006	Change
Revenue	\$1,608,315	\$1,489,609	8%
Operating expenses:			
Direct operating expenses	669,271	623,302	7%
Selling, general and administrative expenses	461,177	448,658	3%
Depreciation and amortization	147,377	150,066	(2%)
Corporate expenses	49,144	41,524	18%
Merger expenses	1,686	—	
Gain on disposition of assets — net	5,297	47,507	
Operating income	284,957	273,566	4%
Interest expense	118,074	114,376	
Gain (loss) on marketable securities	395	(2,324)	
Equity in earnings of nonconsolidated affiliates	5,094	6,909	
Other income (expense) — net	53	(583)	
Income before income taxes, minority interest, and discontinued operations	172,425	163,192	
Income tax benefit (expense):			
Current	(36,004)	(4,159)	
Deferred	(36,932)	(62,750)	
Income tax benefit (expense)	(72,936)	(66,909)	
Minority interest expense, net of tax	(276)	780	
Income before discontinued operations	99,213	97,063	
Income (loss) from discontinued operations, net	3,009	(249)	
Net income	\$ 102,222	\$ 96,814	

### Consolidated Revenue

Our consolidated revenues increased \$118.7 million during the first quarter of 2007 compared to the same period of 2006. Our International revenue increased \$49.6 million, including approximately \$31.2 million related to movements in foreign exchange. In addition to foreign exchange, International revenue growth was led by street furniture revenues, with billboard revenues increasing as well. Our Americas revenue increased \$42.9 million with Interspace, which we acquired in July 2006, contributing approximately \$15.3 million of the increase. In addition to Interspace, our Americas revenue growth occurred across our inventory, led by approximately \$14.8 million from increased bulletin revenues. Our radio revenue increased \$25.6 million primarily from an increase in national revenues and revenue growth in our top 100 markets.

### Consolidated Direct Operating Expenses

Our consolidated direct operating expenses increased approximately \$46.0 million during the first quarter of 2007 compared to the same period of 2006. International direct operating expenses increased \$34.9 million primarily from \$22.5 million related to movements in foreign exchange and an increase in site lease expenses primarily associated with the increase in revenue and new contracts. Americas direct operating expenses increased \$14.9 million with Interspace contributing approximately \$6.6 million and production expenses contributing \$2.0 million. Partially offsetting these increases was a decline in our radio direct operating expenses of approximately \$3.0 million primarily from a decline in programming expenses.

### Consolidated Selling, General and Administrative Expenses, or SG&A

Our consolidated SG&A expenses increased approximately \$12.5 million during the first quarter of 2007 compared to the same period of 2006. International SG&A expenses increased \$6.4 million related to movements in foreign exchange. Americas SG&A expenses increased \$6.1 million attributable to \$3.0 million from Interspace and the rest primarily attributable to sales expenses associated with the increase in revenue. Our radio SG&A expenses decreased \$1.2 million for the same period primarily driven by a decrease in selling expenses as a result of a decline in commission expenses.

### Corporate Expenses

Corporate expenses increased \$7.6 million in the first quarter of 2007 compared to the same period of 2006 related to: (i) an increase of \$2.6 million related to legal costs, (ii) an increase of \$3.4 million in bonus expenses, and (iii) \$1.6 million of miscellaneous other items.

### Gain (loss) on Disposition of Assets — Net

The gain on disposition of assets — net for 2007 was \$5.3 million related primarily to a \$5.5 million gain from the sale of street furniture assets, partially offset by a \$1.2 million loss from the sale of land and a \$1.0 million loss related to the sale of a radio station and agriculture network.

The gain on disposition of assets — net in 2006 of \$47.5 million mostly related to \$17.1 million in our Americas outdoor segment from the swap of assets in one of our markets for the assets of a third party located in a different market and \$22.5 million in our radio segment primarily from the sale of programming rights in one of our markets.

### Interest Expense

Interest expense increased \$3.7 million during the first quarter of 2007 as compared to the same period of 2006 primarily related to an increase of \$6.4 million from a higher balance on our credit facility offset by a decline of \$1.7 million from the February 2007 maturity of the 3.125% Notes and \$1.0 million of other miscellaneous items.

### Gain (loss) on marketable securities

The gain (loss) on marketable securities for 2007 and 2006 relates solely to the change in value of secured forward exchange contracts and the underlying shares.

### Income Tax Benefit (Expense)

Current tax expense increased \$31.8 million for the three months ended March 31, 2007 as compared with the quarter ended March 31, 2006, primarily due to current tax benefits of approximately \$22.5 million recorded in 2006 related to the disposition of certain assets. In addition, current tax expense in 2007 was higher due to an increase in Income before income taxes, minority interest, and discontinued operations of \$9.2 million.

Deferred tax expense decreased \$25.8 million for the three months ended March 31, 2007 as compared with the quarter ended March 31, 2006, primarily due to deferred tax expense of approximately \$22.5 million recorded in 2006 related to the disposition of certain assets.

### Discontinued operations

Income from discontinued operations increased \$3.3 million primarily related to the gain on the sale of radio stations that closed in the first quarter of 2007.

## **Segment Revenue and Divisional Operating Expenses**

### **Radio Broadcasting**

<i>(In thousands)</i>	Three Months Ended March 31,		% Change
	2007	2006	
Revenue	\$819,744	\$794,123	3%
Direct operating expenses	239,692	242,703	(1%)
Selling, general and administrative expense	288,334	289,535	(0%)
Depreciation and amortization	31,585	32,653	(3%)
Operating income	<u>\$260,133</u>	<u>\$229,232</u>	13%

Our radio revenue increased 3% during the first quarter of 2007 as compared to 2006 primarily from an increase in national revenues and revenue growth in our top 100 markets. Our syndicated radio programming, traffic and on-line businesses also contributed to the revenue growth. Overall, yield per minute increased in the first quarter of 2007 compared to the same period of 2006. We also increased our 15 and 30 second commercials as a percent of total commercial minutes sold. Advertising categories driving the increase in national revenues were services, telecommunications, retail and health and beauty.

Our radio direct operating expenses decreased approximately \$3.0 million primarily from a decline in programming expenses during the first quarter of 2007 as compared to 2006 and our SG&A expenses decreased \$1.2 million for the same period primarily driven by a decrease in selling expenses.

### **Americas Outdoor Advertising**

<i>(In thousands)</i>	Three Months Ended March 31,		% Change
	2007	2006	
Revenue	\$317,023	\$274,102	16%
Direct operating expenses	134,914	120,011	12%
Selling, general and administrative expenses	54,243	48,194	13%
Depreciation and amortization	46,561	42,232	10%
Operating income	<u>\$ 81,305</u>	<u>\$ 63,665</u>	28%

Our Americas revenue increased \$42.9 million, or 16%, during the first quarter of 2007 as compared to 2006. Interspace contributed approximately \$15.3 million to the increase. In addition to Interspace, the revenue growth occurred across our inventory, led by approximately \$14.8 million from increased bulletin revenues. Our bulletin rates increased, with occupancy essentially flat in 2007 compared to 2006. We also experienced rate increases on our poster and shelter inventory. Both national and local revenues experienced growth during the quarter. Revenue growth occurred across many of our markets, including Boston, Miami, Philadelphia and Seattle.

Direct operating expenses increased \$14.9 million in the first quarter of 2007 as compared to 2006 with Interspace contributing approximately \$6.6 million and production expenses contributing \$2.0 million during this same period. SG&A expenses increased \$6.1 million attributable to \$3.0 million from Interspace and the rest primarily attributable to sales expenses associated with the increase in revenue.

Depreciation and amortization increased \$4.3 million primarily associated with \$3.0 million from Interspace.

## **International Outdoor Advertising**

<i>(In thousands)</i>	Three Months Ended March 31,		% Change
	2007	2006	
Revenue	\$373,833	\$324,267	15%
Direct operating expenses	259,291	224,385	16%
Selling, general and administrative expenses	73,290	66,841	10%
Depreciation and amortization	49,109	54,088	(9%)
Operating income	\$ (7,857)	\$ (21,047)	N.A.

Our International revenue increased \$49.6 million, or 15%, in the first quarter of 2007 as compared to 2006. Included in the increase was approximately \$31.2 million related to movements in foreign exchange. Growth was led by street furniture revenues, with billboard revenues increasing as well. The increase in street furniture and billboard revenues was primarily attributable to increased yield. On a constant dollar basis, revenue from our operations in France increased in 2007 over 2006 primarily from strong street furniture sales, while revenue was essentially unchanged in the United Kingdom.

Direct operating expenses increased \$34.9 million during the first quarter of 2007 as compared to 2006 primarily from approximately \$22.5 million related to movements in foreign exchange and an increase in site lease expenses primarily associated with the increase in revenue and new contracts. SG&A expenses increased \$6.4 million primarily related to movements in foreign exchange.

Depreciation and amortization declined \$5.0 million primarily from contracts which we fully amortized at December 31, 2006.

## **Reconciliation of Segment Operating Income (Loss) to Consolidated Operating Income**

<i>(In thousands)</i>	Three Months Ended March 31,	
	2007	2006
Radio Broadcasting	\$260,133	\$229,232
Americas Outdoor Advertising	81,305	63,665
International Outdoor Advertising	(7,857)	(21,047)
Other	1,256	105
Gain on disposition of assets — net	5,297	47,507
Corporate	(55,177)	(45,896)
Consolidated operating income	\$284,957	\$273,566

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Cash Flows**

<i>(In thousands)</i>	Three Months Ended March 31,	
	2007	2006
Cash provided by (used in):		
Operating activities	\$ 337,855	\$ 442,875
Investing activities	\$ (75,717)	\$ (96,969)
Financing activities	\$(283,165)	\$(340,574)
Discontinued operations	\$ 14,628	\$ 1,518

### **Operating Activities**

Cash flow from operating activities for the first quarter of 2007 primarily reflects income before discontinued operations of \$99.2 million plus depreciation and amortization of \$147.4 million and deferred taxes of \$36.9 million. Cash flow from operating activities for the three months ended March 31, 2006 principally reflects income before discontinued operations of \$97.1 million plus depreciation and amortization of \$150.1 million. Also contributing to cash flow from operating activities for the three months ended March 31, 2006, is a decrease in income taxes receivable of \$118.1 million primarily related to a tax refund from the overpayment of taxes in 2005 due to a foreign exchange loss from the restructuring of our international business in anticipation of our strategic

realignment and from applying a portion of the capital loss generated from our spin-off of Live Nation to capital gains recognized in 2005.

### **Investing Activities**

Cash used in investing activities for the first quarter of 2007 and 2006 principally reflects the acquisition of operating assets and property plant and equipment of \$79.7 million and \$125.3 million, respectively.

### **Financing Activities**

Cash used in financing activities for the three months ended March 31, 2007 principally reflects net draws on our credit facility of \$13.3 million offset by \$250.0 million related to the February 2007 maturity of our 3.125% Senior Notes and \$92.6 million in dividends paid. Cash used in financing activities for the three months ended March 31, 2006 principally reflects net draws on our credit facility of \$127.2 million, net proceeds from our March, 2006 debt offering of \$497.5 million offset by \$876.3 million related to the purchase of our common stock and \$100.9 million in dividends paid.

### **Discontinued Operations**

We had definitive asset purchase agreements signed for the sale of 93 of our radio stations as of March 31, 2007. The cash flows from these stations, along with 12 stations which were sold in the fourth quarter of 2006 and first quarter of 2007, are reported for both years as cash flows from discontinued operations.

### **Anticipated Cash Requirements**

We expect to fund anticipated cash requirements (including payments of principal and interest on outstanding indebtedness and commitments, acquisitions, anticipated capital expenditures, quarterly dividends and share repurchases) for the foreseeable future with cash flows from operations and various externally generated funds.

### **SOURCES OF CAPITAL**

As of March 31, 2007 and December 31, 2006 we had the following debt outstanding:

<i>(In millions)</i>	March 31, 2007	December 31, 2006
Credit facilities	\$ 994.7	\$ 966.5
Long-term bonds (a)	6,289.2	6,531.6
Other borrowings	140.9	164.9
Total Debt	7,424.8	7,663.0
Less: Cash and cash equivalents	107.6	114.0
	<u>\$7,317.2</u>	<u>\$ 7,549.0</u>

(a) Includes \$6.2 million and \$7.1 million in unamortized fair value purchase accounting adjustment premiums related to the merger with AMFM at March 31, 2007 and December 31, 2006, respectively. Also includes negative \$21.8 million and \$29.8 million related to fair value adjustments for interest rate swap agreements at March 31, 2007 and December 31, 2006, respectively.

### **Credit Facility**

We have a multi-currency revolving credit facility in the amount of \$1.75 billion, which can be used for general working capital purposes including commercial paper support as well as to fund capital expenditures, share repurchases, acquisitions and the refinancing of public debt securities. At March 31, 2007, the outstanding balance on this facility was \$994.7 million and, taking into account letters of credit of \$75.9 million, \$679.4 million was available for future borrowings, with the entire balance to be repaid on July 12, 2009.

During the three months ended March 31, 2007, we made principal payments totaling \$239.6 million and drew down \$252.9 million on the credit facility. As of May 8, 2007, the credit facility's outstanding balance was \$1.0 billion and, taking into account outstanding letters of credit, \$668.2 million was available for future borrowings.

## **Shelf Registration**

On August 30, 2006, we filed a Registration Statement on Form S-3 covering the issuance of debt securities, junior subordinated debt securities, preferred stock, common stock, warrants, stock purchase contracts and stock purchase units. The shelf registration statement also covers preferred securities that may be issued from time to time by our three Delaware statutory business trusts and guarantees of such preferred securities by us. This shelf registration statement was automatically effective on August 31, 2006 for a period of three years.

## **Debt Covenants**

The significant covenants on our \$1.75 billion five-year, multi-currency revolving credit facility relate to leverage and interest coverage contained and defined in the credit agreement. The leverage ratio covenant requires us to maintain a ratio of consolidated funded indebtedness to operating cash flow (each as defined by the credit agreement) of less than 5.25x. The interest coverage covenant requires us to maintain a minimum ratio of operating cash flow (each as defined by the credit agreement) to interest expense of 2.50x. In the event that we do not meet these covenants, we are considered to be in default on the credit facility at which time the credit facility may become immediately due. At March 31, 2007, our leverage and interest coverage ratios were 3.3x and 4.8x, respectively. This credit facility contains a cross default provision that would be triggered if we were to default on any other indebtedness greater than \$200.0 million.

Our other indebtedness does not contain provisions that would make it a default if we were to default on our credit facility.

The fees we pay on our \$1.75 billion, five-year multi-currency revolving credit facility depend on the highest of our long-term debt ratings, unless there is a split rating of more than one level in which case the fees depend on the long-term debt rating that is one level lower than the highest rating. Based on our current ratings level of B+/Baa3, our fees on borrowings are a 52.5 basis point spread to LIBOR and are 22.5 basis points on the total \$1.75 billion facility. In the event our ratings improve, the fee on borrowings and facility fee decline gradually to 20.0 basis points and 9.0 basis points, respectively, at ratings of A/A3 or better. In the event that our ratings decline, the fee on borrowings and facility fee increase gradually to 120.0 basis points and 30.0 basis points, respectively, at ratings of BB/Ba2 or lower.

We believe there are no other agreements that contain provisions that trigger an event of default upon a change in long-term debt ratings that would have a material impact to our financial statements.

Additionally, our 8% senior notes due 2008, which were originally issued by AMFM Operating Inc., a wholly-owned subsidiary of Clear Channel, contain certain restrictive covenants that limit the ability of AMFM Operating Inc. to incur additional indebtedness, enter into certain transactions with affiliates, pay dividends, consolidate, or effect certain asset sales.

At March 31, 2007 we were in compliance with all debt covenants.

## **USES OF CAPITAL**

### **Dividends**

Our Board of Directors declared quarterly cash dividends as follows:

*(In millions, except per share data)*

<u>Declaration Date</u>	<u>Amount per Common Share</u>	<u>Record Date</u>	<u>Payment Date</u>	<u>Total Payment</u>
October 25, 2006	0.1875	December 31, 2006	January 15, 2007	\$ 92.6
February 21, 2007	0.1875	March 31, 2007	April 15, 2007	93.0

Additionally, on April 19, 2007, our Board of Directors declared a quarterly cash dividend of \$0.1875 per share on our Common Stock. The dividend is payable on July 15, 2007 to shareholders of record at the close of business on June 30, 2007.

### **Acquisitions**

We acquired Americas outdoor display faces and additional equity interests in an international outdoor company for \$12.2 million in cash during the three months ended March 31, 2007.

## **Capital Expenditures**

Capital expenditures were \$67.5 million and \$63.8 million in the three months ended March 31, 2007 and 2006, respectively.

<i>(In millions)</i>	Three Months Ended March 31, 2007 Capital Expenditures				Total
	Radio	Americas Outdoor Advertising	International Outdoor Advertising	Corporate and Other	
Non-revenue producing	\$ 16.4	\$ 9.5	\$ 8.4	\$ 3.8	\$ 38.1
Revenue producing	—	13.1	16.3	—	29.4
	<u>\$ 16.4</u>	<u>\$ 22.6</u>	<u>\$ 24.7</u>	<u>\$ 3.8</u>	<u>\$ 67.5</u>

## **Commitments, Contingencies and Guarantees**

There are various lawsuits and claims pending against us. Based on current assumptions, we have accrued an estimate of the probable costs for the resolution of these claims. Future results of operations could be materially affected by changes in these assumptions.

Certain agreements relating to acquisitions provide for purchase price adjustments and other future contingent payments based on the financial performance of the acquired companies generally over a one to five year period. We will continue to accrue additional amounts related to such contingent payments if and when it is determinable that the applicable financial performance targets will be met. The aggregate of these contingent payments, if performance targets are met, would not significantly impact our financial position or results of operations.

## **Debt Maturities**

On February 1, 2007, we redeemed our 3.125% Senior Notes at their maturity for \$250.0 million plus accrued interest with proceeds from our bank credit facility.

## **MARKET RISK**

### **Interest Rate Risk**

At March 31, 2007, approximately 29% of our long-term debt, including fixed-rate debt on which we have entered into interest rate swap agreements, bears interest at variable rates. Accordingly, our earnings are affected by changes in interest rates. Assuming the current level of borrowings at variable rates and assuming a two percentage point change in the average interest rate under these borrowings, it is estimated that our interest expense for the three months ended March 31, 2007 would have changed by \$10.8 million and that our net income for the three months ended March 31, 2007 would have changed by \$6.3 million. In the event of an adverse change in interest rates, management may take actions to further mitigate its exposure. However, due to the uncertainty of the actions that would be taken and their possible effects, this interest rate analysis assumes no such actions. Further, the analysis does not consider the effects of the change in the level of overall economic activity that could exist in such an environment.

At March 31, 2007, we had interest rate swap agreements with a \$1.1 billion aggregate notional amount that effectively float interest at rates based upon LIBOR. These agreements expire from May 2009 to March 2012. The fair value of these agreements at March 31, 2007 was a liability of \$21.8 million.

### **Equity Price Risk**

The carrying value of our available-for-sale and trading equity securities is affected by changes in their quoted market prices. It is estimated that a 20% change in the market prices of these securities would change their carrying value at March 31, 2007 by \$44.3 million and would change accumulated comprehensive income (loss) and net income by \$16.9 million and \$9.2 million, respectively. At March 31, 2007, we also held \$16.8 million of investments that do not have a quoted market price, but are subject to fluctuations in their value.

We maintain derivative instruments on certain of our trading equity securities to limit our exposure to and benefit from price fluctuations on those securities.

## Foreign Currency

We have operations in countries throughout the world. As a result, our financial results could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in the foreign markets in which we have operations. To mitigate a portion of the exposure of international currency fluctuations, we maintain a natural hedge through borrowings in currencies other than the U.S. dollar. In addition, we have U.S. dollar – Euro cross currency swaps which are also designated as a hedge of our net investment in foreign denominated assets. These hedge positions are reviewed monthly. Our foreign operations reported a net loss of \$8.5 million for the three months ended March 31, 2007. It is estimated that a 10% change in the value of the U.S. dollar to foreign currencies would change net income for the three months ended March 31, 2007 by \$0.9 million.

Our earnings are also affected by fluctuations in the value of the U.S. dollar as compared to foreign currencies as a result of our investments in various countries, all of which are accounted for under the equity method. It is estimated that the result of a 10% fluctuation in the value of the dollar relative to these foreign currencies at March 31, 2007 would change our equity in earnings of nonconsolidated affiliates by \$0.5 million and would change our net income by approximately \$0.3 million for the three months ended March 31, 2007.

This analysis does not consider the implications that such fluctuations could have on the overall economic activity that could exist in such an environment in the U.S. or the foreign countries or on the results of operations of these foreign entities.

## Recent Accounting Pronouncements

Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities — including an amendment of FASB Statement No. 115* (“Statement 159”), was issued in February 2007. Statement 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. Statement 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. Statement 159 does not affect any existing accounting literature that requires certain assets and liabilities to be carried at fair value. Statement 159 does not eliminate disclosure requirements included in other accounting standards, including requirements for disclosures about fair value measurements included in Statements No. 157, *Fair Value Measurements*, and No. 107, *Disclosures about Fair Value of Financial Instruments*. Statement 159 is effective as of the beginning of an entity’s first fiscal year that begins after November 15, 2007. We expect to adopt Statement 159 on January 1, 2008 and do not anticipate adoption to materially impact our financial position or results of operations.

## Inflation

Inflation has affected our performance in terms of higher costs for wages, salaries and equipment. Although the exact impact of inflation is indeterminable, we believe we have offset these higher costs in various manners.

## Ratio of Earnings to Fixed Charges

The ratio of earnings to fixed charges is as follows:

Three Months Ended March 31,		Year Ended December 31,				
2007	2006	2006	2005	2004	2003	2002
1.81	1.80	2.35	2.31	2.86	3.64	2.58

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.

## Risks 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 report contains various forward-looking statements which represent our expectations or beliefs concerning future events, including our future levels of cash flow from operations. Management believes that all statements that express expectations and projections with respect to future matters, including the success of our Merger Agreement and the planned sale of radio and television assets; our ability to negotiate contracts having more favorable terms; and the availability of capital resources; 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. The Company does not intend to update any forward looking statements.

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

- the occurrence of any event, change or other circumstance that could give rise to the termination of the Merger Agreement;
- the outcome of any legal proceedings that have been or may be instituted against us relating to the Merger Agreement;
- our inability to complete the merger due to the failure to obtain shareholder approval or to satisfy any other conditions to completion of the merger;
- the impact of the substantial indebtedness incurred to finance the consummation of the merger;
- 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;
- 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 are illustrative, but by no means exhaustive. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Required information is within Item 2 of this Part I.

### **ITEM 4. CONTROLS AND PROCEDURES**

Our principal executive and financial officers have concluded, based on their evaluation as of the end of the period covered by this Form 10-Q, that our disclosure controls and procedures, as defined under Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, are effective to ensure that information we are required to disclose in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and include controls and procedures designed to ensure that information we are required to disclose in such reports is accumulated and communicated to management, including our principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting that occurred during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## Part II — OTHER INFORMATION

### Item 1. Legal Proceedings

On September 9, 2003, the Assistant United States Attorney for the Eastern District of Missouri caused a Subpoena to Testify before Grand Jury to be issued to us. The Subpoena requires us to produce certain information regarding commercial advertising run by us on behalf of offshore and / or online (Internet) gambling businesses, including sports bookmaking and casino-style gambling. On October 5, 2006, the Company received a subpoena from the Assistant United States Attorney for the Southern District of New York requiring it to produce certain information regarding substantially the same matters as covered in the subpoena from the Eastern District of Missouri. We are cooperating with such requirements.

On February 7, 2005, the Company received a subpoena from the State of New York Attorney General's office, requesting information on policies and practices regarding record promotion on radio stations in the state of New York. We are cooperating with this subpoena.

On April 19, 2006, we received a letter of inquiry from the Federal Communications Commission (the "FCC") requesting information about whether consideration was provided by record labels or their agents to us in exchange for the broadcast of music without disclosure of such consideration to the public. On March 21, 2007 we entered into a consent decree with the FCC in connection with this investigation, pursuant to which the FCC closed its investigation and we agreed to pay \$3.5 million and adopt certain modifications to our radio broadcasting business practices.

### Merger related litigation

*Manson v. Clear Channel Communications, Inc., et al.*, No. 2006CI17656 (filed November 16, 2006), one of the putative class action complaints that was pending in the 408<sup>th</sup> District Court of Bexar County, Texas, in connection with the merger has been voluntarily dismissed by the plaintiff.

The remaining five putative class actions that were filed in the 408<sup>th</sup> District Court of Bexar County, Texas, *Teitelbaum v. Clear Channel Communications, Inc., et al.*, No. 2006CI17492 (filed November 14, 2006), *City of St. Clair Shores Police and Fire Retirement System v. Clear Channel Communications, Inc., et al.*, No. 2006CI17660 (filed November 16, 2006), *Levy Investments, Ltd. v. Clear Channel Communications, Inc., et al.*, No. 2006CI17669 (filed November 16, 2006), *DD Equity Partners LLC v. Clear Channel Communications, Inc., et al.*, No. 2006CI7914 (filed November 22, 2006), and *Pioneer Investments Kapitalanlagegesellschaft MBH v. L. Lowry Mays, et al.* (filed December 7, 2006), have been consolidated into one proceeding and all raise substantially similar allegations on behalf of a purported class of our shareholders against the defendants for breaches of fiduciary duty in connection with the approval of the merger. Plaintiffs in these consolidated class actions have sought from the court a date for a hearing on a motion to temporarily enjoin the shareholder vote that is scheduled for May 8, 2007. In response to that request, the court scheduled a hearing on plaintiffs' application for a temporary injunction on May 7, 2007, but the plaintiffs subsequently withdrew their request for such hearing and no new date for such hearing has been requested or scheduled.

On March 9, 2007, Clear Channel filed a motion to dismiss the *Pioneer Investments Kapitalanlagegesellschaft mbH v. Clear Channel Communications, Inc., et al.* (filed January 30, 2007 in the United States District Court for the Western District of Texas) on a number of grounds including the fact that the claims upon which Pioneer Investments seeks relief in federal court were already pending in the consolidated class actions pending in state court, of which Pioneer Investments is also a plaintiff. No hearing date has been scheduled for the motion to dismiss. Judge Royal Furgeson, who is the presiding judge for *Alaska Laborers Employees Retirement Fund v. Clear Channel Communications, Inc., et al.*, Case No. SA-07-CA-0042, filed in the United States District Court for the Western District of Texas, San Antonio Division has requested that the Pioneer Investments action pending in federal court be transferred to his court. In February 2007, the defendants in the Alaska Laborers Employees Retirement Fund action filed motions to dismiss the complaint filed in that action. On March 29, 2007, a hearing was held on defendants' motions to dismiss. At the March 29<sup>th</sup> hearing, the court dismissed from the Alaska Laborers Employees Retirement Fund action BT Triple Crown Merger Co., Inc., B Triple Crown Finco, LLC, T Triple Crown Finco, LLC, Bain Capital Partners, LLC and Thomas H. Lee Partners, L.P. The court also ordered the plaintiffs to file an amended complaint. To date, the plaintiffs have not filed an amended complaint.

We continue to believe that the allegations contained in each of the pleadings in the above-referenced actions are without merit and we intend to contest the actions vigorously. We cannot assure you that we will successfully defend the allegations included in the complaints or that pending motions to enjoin the transactions contemplated by the merger agreement will not be granted. If we are unable to resolve the claims that are the basis for the lawsuits or to prevail in any related litigation we may be required to pay substantial monetary damages for which we may not be adequately insured, which could have a material adverse effect on our business, financial position and results of operations. Regardless of whether the merger is consummated or the outcome of the lawsuits, we may incur significant related expenses and costs that could have an adverse effect on our business and operations.

Furthermore, the cases could involve a substantial diversion of the time of some members of management. Accordingly, we are unable to estimate the impact of any potential liabilities associated with the complaints.

We are currently involved in certain legal proceedings and, as required, have accrued our estimate of the probable costs for the resolution of these claims. These estimates have been developed in consultation with counsel and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. It is possible, however, that future results of operations for any particular period could be materially affected by changes in our assumptions or the effectiveness of our strategies related to these proceedings.

### Item 1A. Risk Factors

For information regarding risk factors, please refer to Item 1A in the Company's Annual Report on Form 10-K for the year ended December 31, 2006. There have not been any material changes in the risk factors disclosed in this Annual Report on Form 10-K.

Additional information relating to risk factors is described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" under "Risks Regarding Forward-Looking Statements."

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

#### (c) Purchases of Equity Securities by the Issuer and Affiliated Purchases.

On March 9, 2006, our Board of Directors authorized a share repurchase program, permitting us to repurchase \$600.0 million of our common stock. This authorization expired on March 9, 2007. On September 6, 2006, our Board of Directors authorized an additional share repurchase program, permitting us to repurchase an additional \$1.0 billion of our common stock. This increase expires on September 6, 2007, although the program may be discontinued or suspended at anytime prior to its expiration. During the three months ended March 31, 2007, we did not repurchase any shares through this program; however, we accepted shares in payment of income taxes due upon the vesting of restricted stock awards as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Programs
January 1 through January 31	1,331	\$36.38	—	\$1,017,476,855
February 1 through February 28	3,245	\$37.68	—	\$1,017,476,855
March 1 through March 31	—	—	—	\$1,000,000,000
Total	<u>4,576</u>		<u>—</u>	

### Item 6. Exhibits

See the Index to Exhibits, which is incorporated into and made a part of this Quarterly Report on Form 10-Q.

**Signatures**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CLEAR CHANNEL COMMUNICATIONS, INC.

May 9, 2007

/s/ Randall T. Mays

Randall T. Mays  
President and  
Chief Financial Officer

May 9, 2007

/s/ Herbert W. Hill, Jr.

Herbert W. Hill, Jr.  
Senior Vice President and  
Chief Accounting Officer

## INDEX TO EXHIBITS

Exhibit Number	Description
2.1	Agreement and Plan of Merger among BT Triple Crown Merger Co., Inc., B Triple Crown Finco, LLC, T Triple Crown Finco, LLC and Clear Channel Communications, Inc., dated as of November 16, 2006 (incorporated by reference to the exhibits to Clear Channel's Current Report on Form 8-K dated November 16, 2006).
2.2	Amendment No. 1, dated April 18, 2007, to the Agreement and Plan of Merger, dated as of November 16, 2006, by and among BT Triple Crown Merger Co., Inc., B Triple Crown Finco, LLC, T Triple Crown Finco, LLC and Clear Channel Communications, Inc. (incorporated by reference to the exhibits to Clear Channel's Current Report on Form 8-K dated April 18, 2007).
3.1	Current Articles of Incorporation of the Company (incorporated by reference to the exhibits of the Company's Registration Statement on Form S-3 (Reg. No. 333-33371) dated September 9, 1997).
3.2	Current Bylaws of the Company.
3.3	Amendment to the Company's Articles of Incorporation (incorporated by reference to the exhibits to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998).
3.4	Second Amendment to Clear Channel's Articles of Incorporation (incorporated by reference to the exhibits to Clear Channel's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999).
3.5	Third Amendment to Clear Channel's Articles of Incorporation (incorporated by reference to the exhibits to Clear Channel's Quarterly Report on Form 10-Q for the quarter ended May 31, 2000).
4.1	Agreement Concerning Buy-Sell Agreement by and between Clear Channel Communications, Inc., L. Lowry Mays, B.J. McCombs, John M. Schaefer and John W. Barger, dated August 3, 1998 (incorporated by reference to the exhibits to Clear Channel's Schedule 13-D/A, dated October 10, 2002).
4.2	Waiver and Second Agreement Concerning Buy-Sell Agreement by and between Clear Channel Communications, Inc., L. Lowry Mays and B.J. McCombs, dated August 17, 1998 (incorporated by reference to the exhibits to Clear Channel's Schedule 13-D/A, dated October 10, 2002).
4.3	Waiver and Third Agreement Concerning Buy-Sell Agreement by and between Clear Channel Communications, Inc., L. Lowry Mays and B.J. McCombs, dated July 26, 2002 (incorporated by reference to the exhibits to Clear Channel's Schedule 13-D/A, dated October 10, 2002).
4.4	Waiver and Fourth Agreement Concerning Buy-Sell Agreement by and between Clear Channel Communications, Inc., L. Lowry Mays and B.J. McCombs, dated September 27, 2002 (incorporated by reference to the exhibits to Clear Channel's Schedule 13-D/A, dated October 10, 2002).
4.5	Buy-Sell Agreement by and between Clear Channel Communications, Inc., L. Lowry Mays, B. J. McCombs, John M. Schaefer and John W. Barger, dated May 31, 1977 (incorporated by reference to the exhibits of the Company's Registration Statement on Form S-1 (Reg. No. 33-289161) dated April 19, 1984).
4.6	Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York as Trustee (incorporated by reference to the exhibits to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997).
4.7	Second Supplemental Indenture dated June 16, 1998 to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and the Bank of New York, as Trustee (incorporated by reference to the exhibits to the Company's Current Report on Form 8-K dated August 27, 1998).

<b>Exhibit Number</b>	<b>Description</b>
4.8	Third Supplemental Indenture dated June 16, 1998 to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and the Bank of New York, as Trustee (incorporated by reference to the exhibits to the Company's Current Report on Form 8-K dated August 27, 1998).
4.9	Ninth Supplemental Indenture dated September 12, 2000, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York, as Trustee (incorporated by reference to the exhibits to Clear Channel's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000).
4.10	Eleventh Supplemental Indenture dated January 9, 2003, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York as Trustee (incorporated by reference to the exhibits to Clear Channel's Annual Report on Form 10-K for the year ended December 31, 2002).
4.11	Twelfth Supplemental Indenture dated March 17, 2003, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York, as Trustee (incorporated by reference to the exhibits to Clear Channel's Current Report on Form 8-K dated March 18, 2003).
4.12	Thirteenth Supplemental Indenture dated May 1, 2003, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York, as Trustee (incorporated by reference to the exhibits to Clear Channel's Current Report on Form 8-K dated May 2, 2003).
4.13	Fourteenth Supplemental Indenture dated May 21, 2003, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York, as Trustee (incorporated by reference to the exhibits to Clear Channel's Current Report on Form 8-K dated May 22, 2003).
4.14	Sixteenth Supplemental Indenture dated December 9, 2003, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York, as Trustee (incorporated by reference to the exhibits to Clear Channel's Current Report on Form 8-K dated December 10, 2003).
4.15	Seventeenth Supplemental Indenture dated September 15, 2004, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York, as Trustee (incorporated by reference to the exhibits to Clear Channel's Current Report on Form 8-K dated September 15, 2004).
4.16	Eighteenth Supplemental Indenture dated November 22, 2004, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York, as Trustee (incorporated by reference to the exhibits to Clear Channel's Current Report on Form 8-K dated November 17, 2004).
4.17	Nineteenth Supplemental Indenture dated December 13, 2004, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York, as Trustee (incorporated by reference to the exhibits to Clear Channel's Current Report on Form 8-K dated December 13, 2004).
4.18	Twentieth Supplemental Indenture dated March 21, 2006, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York, as Trustee (incorporated by reference to the exhibits to Clear Channel's Current Report on Form 8-K dated March 21, 2006).

<b>Exhibit Number</b>	<b>Description</b>
4.19	Twenty-first Supplemental Indenture dated August 15, 2006, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York, as Trustee (incorporated by reference to the exhibits to Clear Channel's Current Report on Form 8-K dated August 16, 2006).
11	Statement re: Computation of Per Share Earnings.
12	Statement re: Computation of Ratios.
31.1	Certification of Chief Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**SEVENTH AMENDED AND RESTATED BY-LAWS OF  
CLEAR CHANNEL COMMUNICATIONS, INC.  
a Texas corporation  
(the "Corporation")  
AS AMENDED BY THAT CERTAIN AMENDMENT DATED APRIL 2, 2007**

**ARTICLE I.  
OFFICES**

**Section 1. Registered Office and Place of Business.** The registered office of the Corporation shall be at 200 East Basse Road, San Antonio, Texas 78209, and the name of the registered agent at such address is Mark P. Mays. The Corporation may have, in addition to its registered office, offices and places of business at such places, both within and without the State of Texas as the Board of Directors may from time to time determine or the business of the Corporation may require.

**ARTICLE II  
MEETING OF SHAREHOLDERS**

**Section 1. Place of Meeting.** All meetings of the shareholders of the Corporation shall be held at such times and at such place within or without the State of Texas as shall be determined by the Board of Directors.

**Section 2. Annual Meetings.** An annual meeting of the shareholders shall be held each year at a time, date and location to be selected by the Board of Directors. At the annual meeting the shareholders shall elect a Board of Directors, and transact such other business as may properly be brought before the meeting

**Section 3. Voting List.** At least ten days before each meeting of the shareholders, a complete list of the shareholders entitled to vote at said meeting, arranged in alphabetical order, with the residence of each and the number of voting shares held by each, shall be prepared by the officer or agent having charge of the stock transfer books. Such list, for a period of ten days prior to such meeting, shall be kept on file at the registered office of the Corporation and shall be subject to the inspection by any shareholder at any time during usual business hours. Such list shall be produced and kept open at the time and place of the meeting during the whole thereof, and shall be subject to the inspection of any shareholder who may be present. The original stock transfer books shall be prima facie evidence as to who are the shareholders entitled to examine such list or transfer books or to vote at any meeting of shareholders. Failure to comply with the requirements of this section shall not affect the validity of any action taken at said meeting.

**Section 4. Special Meetings.** Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Articles of Incorporation or by these By-Laws, may be called by the Chairman of the Board, the Chief Executive Officer, the President, the Board of Directors or the holders of not less than three-tenths of all the shares entitled to vote at the meetings. Business transacted

at all special meetings shall be confined to the purposes stated in the notice of the meeting.

**Section 5. Special Notice of Shareholder Proposals and Director Nominations.**

(a) Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the shareholders may be made at an annual meeting of shareholders (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors, or (iii) by any shareholder of the Corporation who (A) is a shareholder of record at the time of giving of notice provided for in this section, (B) is entitled to vote at the meeting and (C) complied with the notice procedures set forth in this section.

(b) For nominations or other business to be properly brought before an annual meeting by a shareholder pursuant to this section, the shareholder must have given timely and proper notice thereof in writing to the Secretary of the Corporation, and such other business must be a proper matter for shareholder action. To be timely, a shareholder's notice shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the first anniversary of the date on which the Corporation first mailed its proxy materials for the preceding year's annual meeting of shareholders; provided, however, that in the event that the date of the annual meeting is advanced by more than thirty (30) days or delayed (other than as a result of adjournment) by more than thirty (30) days from the anniversary of the preceding year's annual meeting, notice by the shareholder to be timely must be delivered not later than the close of business on the later of the sixtieth (60th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for the giving of a shareholder's notice as described above. To be in proper form, a shareholder's notice to the Secretary of the Corporation must set forth: (i) as to each person whom the shareholder proposes to nominate for election or reelection as a director (A) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in a contested election, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected) and (B) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such shareholder and beneficial owner, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the shareholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or

any affiliate or associate thereof or person acting in concert therewith, were the “registrant” for purposes of such rule and the nominee were a director or executive officer of such registrant; (ii) as to any other business that the shareholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such shareholder and the beneficial owner, if any, on whose behalf the proposal is made, and a description of all agreements, arrangements and understandings between such shareholder and beneficial owner, if any, and any other person or persons (including their names) in connection with the proposal of such business by such shareholder; and (iii) as to the shareholder giving the notice and the beneficial owners if any on whose behalf the nomination or proposal is made (A) the name and address of such shareholder, as they appear on the Corporation’s books, and of such beneficial owner, if any, and (B) the class and number of shares of the Corporation which are owned beneficially and of record by such shareholder and such beneficial owner, if any, as of the date of such notice. The

(c) Notwithstanding anything in this section to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement specifying the size of the increased Board of Directors made by the Corporation at least one hundred and thirty (130) days prior to the first anniversary of the preceding year’s annual meeting of shareholders, a shareholder’s notice required by this section shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

(d) Only such business shall be conducted at a special meeting of shareholders as shall have been brought before the meeting pursuant to the Corporation’s notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of shareholders at which directors are to be elected pursuant to the Corporation’s notice of meeting (i) by or at the direction of the Board of Directors or (ii) by any shareholder of the Corporation who is a shareholder of record at the time of giving of notice provided for in this section, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this section. In the event the Corporation calls a special meeting of shareholders for the purpose of electing one or more directors to the Board of Directors, any such shareholder may nominate a person or persons (as the case may be) for election to the Board of Directors may be made at such a special meeting of shareholders if the shareholder’s notice required by Section 5(b) of this Article shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the nintieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the

public announcement of an adjournment of a special meeting commence a new time period for the giving of a shareholder's notice as described above.

(e) Only those persons who are nominated in accordance with the procedures set forth in this section shall be eligible to serve as directors and only such business shall be conducted at a meeting of shareholders as shall have been brought before the meeting in accordance with the procedures set forth in this section. The chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed (as the case may be) in accordance with the procedures set forth in this section and, if any proposed nomination or business is not in compliance with this section, to declare that such defective proposal or nomination shall be disregarded.

(f) For purposes of this section, "public announcement" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(g) Notwithstanding the foregoing provisions of this section, a shareholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this section. Nothing in this section shall be deemed to affect any rights of shareholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

**Section 6. Notice of Meetings.** Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the Chief Executive Officer, the President, the Secretary or the officer or person calling the meeting, to each shareholder of record entitled to vote at the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the shareholder at his address as it appears on the stock transfer books of the Corporation, with postage thereon prepaid. Notice shall be deemed to have been given to all shareholders of record who share an address if notice is given in accordance with the "householding" rules set forth in Rule 14a-3(e) under the Exchange Act.

**Section 7. Quorum of Shareholders.** The holders of a majority of the shares issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall be requisite to and shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute, by the Articles of Incorporation or by these By-Laws. If a quorum is not present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. At such adjourned meeting at which a quorum shall

be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

**Section 8. Majority Vote; Withdrawal of Quorum.** When a quorum is present at any meeting, the vote of the holders of a majority of the shares having voting power, present in person or represented by proxy, shall decide any question brought before such meeting, unless the question is one on which, by express provision of the statutes, the Articles of Incorporation or these By-Laws, a different vote is required, in which case such express provision shall govern and control the decision of such question. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

**Section 9. Method of Voting.** Each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of the shareholders except to the extent that the voting rights of the shares of any class or classes are limited or denied by statute, by the Articles of Incorporation or by any other certificate creating any class or series of stock. At any meeting of the shareholders, every shareholder having the right to vote shall be entitled to vote in person or by proxy appointed by an instrument in writing subscribed by such shareholder or by his duly authorized attorney in fact. No proxy shall be valid after eleven months from the date of its execution unless otherwise provided in the proxy. Each proxy shall be revocable unless expressly provided therein to be irrevocable and unless otherwise made irrevocable by law. Each proxy shall be filed with the Secretary of the Corporation prior to or at the time of the meeting. Any vote may be taken by voice or by show of hands unless someone entitled to vote objects, in which case written ballots shall be used.

**Section 10. Record Date; Closing Transfer Books.** The Board of Directors may fix in advance a record date for the purpose of determining shareholders entitled to notice of or to vote at a meeting of the shareholders, the record date to be not less than ten (10) nor more than sixty (60) days prior to the meeting; or the Board of Directors may close the stock transfer books for such purpose for a period of not less than ten (10) nor more than sixty (60) days prior to such meeting. In the absence of any action by the Board of Directors, the date upon which the notice of the meeting is mailed shall be the record date.

**Section 11. Action without Meeting.** Any action required by statute to be taken at a meeting of the shareholders, or any action which may be taken at a meeting of the shareholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof and such consent shall have the same force and effect as a unanimous vote of the shareholders. Any such signed consent, or a signed copy thereof, shall be placed in the minute book of the Corporation.

**Section 12. Telephone Meeting.** Subject to the provisions of applicable law and these By-Laws, shareholders may participate in and hold a meeting by means of

conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this section shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

### **ARTICLE III. DIRECTORS**

**Section 1. Management of the Corporation.** The business and affairs of the Corporation shall be managed by its Board of Directors, who may exercise all such powers of the Corporation and do all such lawful acts and things as are not, by statute or by the Articles of Incorporation or by these By-Laws, directed or required to be exercised or done by the shareholders.

**Section 2. Number and Qualifications.** The Board of Directors shall consist of up to fourteen (14) members, none of whom need be shareholders or residents of the State of Texas. The directors shall be elected at the annual meeting of the shareholders, except as hereinafter provided and each director elected shall hold office until his successor shall be elected and shall qualify.

**Section 3. Change in Number.** The number of directors may be increased or decreased from time to time by the affirmative vote of a majority of the directors at any meeting of the Board of Directors; provided that at all times the number of directors shall be at least one and no decrease shall have the effect of shortening the term of any incumbent director. Any directorship to be filled by reason of an increase in the number of directors shall be filled by election by a majority of the remaining directors, though less than a quorum.

#### **Section 4. Removal; Resignation.**

(a) Removal. Any director may be removed for cause at any special meeting of shareholders by the affirmative vote of the holders of at least two-thirds of the outstanding shares then entitled to vote at an election of directors and represented in person or by proxy at such meeting, if notice of the intention to act upon such matter shall have been given in the notice calling such meeting.

(b) Resignation. Any director may resign at any time by delivering his written resignation to the Secretary of the Corporation, such resignation to specify whether it will be effective at a particular time, upon receipt by the Secretary of the Corporation or at the pleasure of the Board of Directors. If no such specification is made, it shall be deemed effective at the pleasure of the Board of Directors. When one (1) or more directors shall resign from the Board of Directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office for the

unexpired portion of the term of the director whose place shall be vacated and until his successor shall have been duly elected and qualified.

**Section 5. Vacancies.** Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director, and each director so elected shall hold office for the unexpired portion of the term of the director whose place shall be vacant, and until his successor shall have been duly elected and qualified. A vacancy in the Board of Directors shall be deemed to exist under this section in the case of the death, resignation or removal or of any director, or if the shareholders fail at any meeting of shareholders at which directors are to be elected to elect the number of directors then constituting the whole Board of Directors.

**Section 6. Election of Directors; Required Vote.**

(a) Majority Vote. Each director to be elected by shareholders shall be elected by the vote of the majority of the votes cast at any meeting for the election of directors at which a quorum is present; provided, however, that if the number of nominees exceeds the number of directors to be elected, the directors shall be elected by the vote of a plurality of the votes cast. Cumulative voting shall not be permitted. For purposes of this section, a majority of the votes cast means that the number of votes cast “for” a director must exceed the number of votes cast “against” that director. Votes cast shall exclude abstentions with respect to a director’s election.

(b) Resignation. If a nominee for director who is an incumbent director is not elected and no successor has been elected at such meeting, the director shall promptly tender his or her resignation to the Board of Directors. The Nominating and Governance Committee shall make a recommendation to the Board of Directors as to whether to accept or reject the tendered resignation, or whether other action should be taken. The Board of Directors shall act on the tendered resignation, taking into account the Nominating and Governance Committee’s recommendation, and publicly disclose (by a press release, a filing with the Securities and Exchange Commission or other broadly disseminated means of communication) its decision regarding the tendered resignation and the rationale behind the decision within ninety (90) days from the date of the certification of the election results. The Nominating and Governance Committee in making its recommendation, and the Board of Directors in making its decision, may each consider any factors or other information that it considers appropriate and relevant. The director who tenders his or her resignation shall not participate in the recommendation of the Nominating and Governance Committee or the decision of the Board of Directors with respect to his or her resignation. If such incumbent director’s resignation is not accepted by the Board of Directors, such director shall continue to serve until the next annual meeting and until his or her successor is duly elected, or his or her earlier resignation or removal. If a director’s resignation is accepted by the Board of Directors pursuant to this section, or if a nominee for director is not elected and the nominee is not an incumbent director, then the Board of Directors, in its sole discretion, may fill any resulting vacancy pursuant to the provisions of Section 5 of this Article or

may decrease the size of the Board of Directors pursuant to the provisions of Section 3 of this Article.

**Section 7. Place of Meeting.** The directors of the Corporation may hold their meetings, both regular and special, either within or without the State of Texas.

**Section 8. Annual Meetings.** The first meeting of each newly elected Board shall be held without further notice immediately following the annual meeting of the shareholders and at the same place, unless by majority vote of the directors then elected and serving such time or place is changed.

**Section 9. Regular Meetings.** Regular meetings of the Board of Directors may be held without notice at such time and place as may be fixed from time to time by resolutions adopted by the Board and communicated to all directors. Except as otherwise by statute, the Articles of Incorporation or these By-Laws, neither the business to be transacted at, nor the purpose of any regular meeting need be specified in the notice or waiver of notice of such meeting.

**Section 10. Special Meetings.** Special meetings of the Board of Directors may be called by the Chairman of the Board, the Chief Executive Officer or the President on twenty-four (24) hours' notice to each director either personally or by mail or by telegram, special meetings shall be called by the Chief Executive Officer, the President or Secretary in like manner and on like notice on the written request of two directors. Except as may be otherwise expressly provided by statute, the Articles of Incorporation or these By-Laws, neither the business to be transacted at, nor the purpose of, any special meeting need be specified in the notice or waiver of notice of such meeting.

**Section 11. Quorum; Majority Vote.** At all meetings of the Board of Directors, the presence of a majority of the directors fixed by these By-Laws shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute, the Articles of Incorporation or these By-Laws. If a quorum is not present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present. At any such adjourned meeting any business may be transacted which might have been transacted at the meeting as originally notified.

**Section 12. Compensation.** The Board of Directors shall have authority to determine from time to time the amount of compensation, if any, which shall be paid to its members for their services as directors and as members of standing or special committees of the Board. The Board shall also have power in its discretion to provide for and to pay to directors rendering services to the Corporation not ordinarily rendered by directors as such, special compensation appropriate to the value of such services as determined by the Board from time to time. Nothing herein contained shall be construed to preclude any directors from serving the Corporation in any other capacity and receiving compensation therefor.

**Section 13. Procedure.** The Board of Directors shall keep regular minutes of its proceedings. The minutes shall be placed in the minute book of the Corporation.

**Section 14. Action Without Meeting.** Any action required or permitted to be taken at a meeting of the Board of Directors or any committee thereof may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all the members of the Board of Directors or such committee, as the case may be. Such consent shall have the same force and effect as a unanimous vote at a meeting, and may be stated as such in any document or instrument filed with the Secretary of State. The signed consent, or a signed copy, shall be placed in the minute book of the Corporation.

**Section 15. Telephone Meeting.** Subject to the provisions of applicable statutes and these By-Laws, members of the Board of Directors or of any committee thereof may participate in and hold a meeting of the Board of Directors or any committee thereof by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this section shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

#### **ARTICLE IV. EXECUTIVE COMMITTEE**

**Section 1. Designation.** The Board of Directors may, by resolution adopted by a majority of the number of directors fixed by these By-Laws, designate an Executive Committee, to consist of two or more of the directors of the Corporation (with such alternatives, if any, as may be deemed desirable), one of whom shall be the Chief Executive Officer of the Corporation.

**Section 2. Authority.** The Executive Committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the business and affairs of the Corporation, except where action of the full Board of Directors is required by statute or by the Articles of Incorporation.

**Section 3. Change in Number.** The number of members of the Executive Committee may be increased or decreased from time to time by resolution adopted by a majority of the whole Board of Directors.

**Section 4. Removal.** Any member of the Executive Committee may be removed by the Board of Directors by the affirmative vote of a majority of the whole Board, whenever in its judgment the best interests of the Corporation will be served thereby.

**Section 5. Vacancies.** Any vacancy in the Executive Committee may be filled by the affirmative vote of a majority of the whole Board.

**Section 6. Meetings.** Time, place and notice, if any, of meetings of the Executive Committee shall be determined by the Executive Committee.

**Section 7. Quorum; Majority Vote.** At meetings of the Executive Committee, a majority of the number of members designated by the Board of Directors shall constitute a quorum for the transaction of business. The act of a majority of the members present at any meeting at which a quorum is present shall be the act of the Executive Committee, except as otherwise specifically provided by statute, the Articles of Incorporation or these By-Laws. If a quorum is not present at a meeting of the Executive Committee, the members present may adjourn the meeting from time to time, without notice other than an announcement at the meeting, until a quorum is present.

**Section 8. Procedure.** The Executive Committee shall keep regular minutes of its proceedings and report the same to the Board of Directors when required. The minutes of the proceedings of the Executive Committee shall be placed in the minute book of the Corporation. The Secretary of the Corporation or, in his absence, an Assistant Secretary, shall act as the secretary of the Executive Committee, or the committee may, in its discretion, appoint its own secretary.

**Section 9. Responsibility.** The designation of an Executive Committee and the delegation of authority to it shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed upon it or him by law.

## **ARTICLE V. OTHER COMMITTEES OF THE BOARD**

**Section 1. Establishment; Standing Committees.** The Board of Directors may by resolution establish, name or dissolve one or more committees for any purpose, each committee to consist of one or more of the directors. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors or the Executive Committee when required.

**Section 2. Audit Committee.** The Audit Committee shall, from time to time, meet to review and monitor the accounting practices and procedures of the Corporation, and to report its findings and recommendations to the Board of Directors or the Executive Committee for final action. The Audit Committee shall not be empowered to approve any corporate action, of whatever kind or nature, and the recommendations of the Audit Committee shall not be binding on the Board of Directors or the Executive Committee, except when, pursuant to the provisions of Article V Section 4 hereof, such power and authority have been specifically delegated to such committee by the Board of Directors by resolution. In addition to the foregoing, the specific duties of the Audit Committee shall be determined by the Board of Directors by resolution.

**Section 3. Compensation Committee.** The Compensation Committee shall, from time to time, meet to review the various compensation plans, policies and practices of the Corporation, and to report its findings and recommendations to the Board of Directors or the Executive Committee for final action. The Compensation Committee

shall not be empowered to approve any corporate action, of whatever kind or nature, and the recommendations of the Compensation Committee shall not be binding on the Board of Directors or the Executive Committee, except when, pursuant to the provisions of Article V Section 4 hereof, such power and authority have been specifically delegated to such committee by the Board of Directors by resolution. In addition to the foregoing, the specific duties of the Compensation Committee shall be determined by the Board of Directors by resolution.

**Section 4. Available Powers.** Any committee established pursuant to Article V Section 1 hereof, including the Audit Committee and the Compensation Committee, but only to the extent provided in the resolution of the Board of Directors establishing such committee or otherwise delegating specific power and authority to such committee and as limited by law, the Articles of Incorporation and these By-Laws, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it.

**Section 5. Alternate Members.** The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee.

**Section 6. Procedures.** Time, place and notice, if any, of meetings of a committee shall be determined by the members of such committee. At meetings of a committee, a majority of the number of members designated by the Board of Directors shall constitute a quorum for the transaction of business. The act of a majority of the members present at any meeting at which a quorum is present shall be the act of the committee, except as otherwise specifically provided by law, the Articles of Incorporation or these By-Laws. If a quorum is not present at a meeting of a committee, the members present may adjourn the meeting from time to time, without notice other than an announcement at the meeting, until a quorum is present.

## **ARTICLE VI. NOTICE**

**Section 1. Manner of Giving Notice.** Whenever under the provisions of the statutes, the Articles of Incorporation or these By-Laws, notice is required to be given to any committee member, director or shareholder, and no provisions are made as to how such notice shall be given, it shall not be construed to mean personal notice, but any such notice may be given in writing, by mail, postage prepaid, addressed to such committee member, director or shareholder at the address appearing on the books of the Corporation. Any notice required or permitted to be given by mail shall be deemed given at the time when the same is thus deposited in the United States mail as aforesaid.

**Section 2. Waiver of Notice.** Whenever any notice is required to be given to any committee member, director or shareholder of the Corporation under the provisions of the statutes, the Articles of Incorporation or these By-Laws, a waiver thereof in writing,

signed by the person or persons entitled to such notice, whether before or after the time stated in such notice, shall be deemed equivalent to the giving of such notice. Attendance at a meeting shall constitute a waiver of notice of such meeting, except where a person attends for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

**ARTICLE VII.  
OFFICERS, EMPLOYEES AND AGENTS: POWERS AND DUTIES**

**Section 1. Elected Officers.** The elected officers of the Corporation shall be a Chairman of the Board, a Chief Executive Officer a President, one or more Vice Presidents, as may be determined from time to time by the Board (and, in the case of each such Vice President, with such descriptive title, if any, as the Board of Directors shall deem appropriate), a Secretary and a Treasurer. The Chairman of the Board shall be a member of the Board of Directors, no other elected officer of the Corporation need be a director of the Corporation, and no elected officer of the Corporation need be a shareholder of the Corporation or a resident of the State of Texas.

**Section 2. Appointive Officers.** The Board of Directors may also appoint one or more Assistant Secretaries and Assistant Treasurers and such other officers and assistant officers and agents (none of whom need be a member of the Board, a shareholder of the Corporation or a resident of the State of Texas) as it shall from time to time deem necessary, who shall exercise such powers and perform such duties as shall be set forth in these By-Laws or determined from time to time by the Board of Directors or the Executive Committee.

**Section 3. Two or More Offices.** Any two (2) or more offices may be held by the same person.

**Section 4. Compensation and Severance.**

(a) The compensation of all officers of the Corporation shall be fixed from time to time by the Board of Directors or the Executive Committee. The Board of Directors or the Executive Committee may from time to time delegate to the Chief Executive Officer or President the authority to fix the compensation of any or all of the other officers (except the Chairman of the Board) of the Corporation.

(b) For any Severance Agreement with an officer that provides Severance Benefits with a total present value exceeding 2.99 times the sum of the officer's base salary plus target bonus, the Board of Directors or the Executive Committee, as appropriate, shall seek shareholder approval before entering into such Severance Agreement. The term "Severance Agreement" shall mean any agreement that dictates what an officer will be compensated when the Corporation terminates such officer's employment without cause or when there is a termination of such officer's employment following a finally approved and implemented change of control. The term "Severance Benefits" shall mean the value of all cash and non-cash benefits, including, but not limited to, the following: (i) cash benefits; (ii) perquisites; (iii) consulting fees; (iv) equity

and the accelerated vesting of equity; (v) the value of “gross-up” payments, i.e., payments to off-set taxes; and (vi) the value of additional service credit or other special additional benefits under the Corporation’s retirement system. The method of computing and analyzing the present value of Severance Benefits for purposes of complying with this Section 4(b) shall be subject to the interpretation of the Board or the Executive Committee, as appropriate, in their reasonable good faith discretion.

(c) If the Board or the Executive Committee, as appropriate, determines that it is not practicable to obtain shareholder approval before entering into a Severance Agreement, the Board or the Executive Committee, as appropriate, shall seek approval of the shareholders after the material terms of the Severance Agreement have been agreed upon.

(d) Notwithstanding anything in Article VII to the contrary, Article VII, Sections 4(b) and (c) shall not apply to any Severance Agreements existing prior to December 22, 2005, or any future amendments, extensions or modifications thereof if such future amendments, extensions or modifications reduce the present value of Severance Benefits provided under such pre-existing Severance Agreement.

**Section 5. Term of Office; Removal; Filling of Vacancies.** Unless otherwise specified by the Board at the time of election or in an employment contract approved by the Board, each elected officer’s term shall end at the first meeting of directors after the next annual meeting of shareholders. Each elected officer of the Corporation shall hold office until his successor is chosen and qualified in his stead or until his earlier death, resignation or removal from office. Each appointive officer or agent shall hold office at the pleasure of the Board of Directors without the necessity of periodic reappointment. Any officer or agent elected or appointed by the Board of Directors may be removed at any time by the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

**Section 6. Chairman of the Board.** The Chairman of the Board shall preside when present at all meetings of the shareholders and the Board of Directors and shall exercise such powers and perform such duties as shall be assigned to or required of him from time to time by the Board of Directors or the Executive Committee.

**Section 7. Chief Executive Officer.** The Chief Executive Officer shall be the chief executive officer of the Corporation, shall have general supervision of the affairs of the Corporation and general control of all of its business subject to the ultimate authority of the Board of Directors, and shall be responsible for the execution of the policies of the Board of Directors. In the absence (or inability or refusal to act) of the Chairman of the Board, the Chief Executive Officer shall preside when present at all meetings of the shareholders and the Board of Directors.

**Section 8. President.** The President shall be the chief operating officer of the Corporation and, subject to the authority of the Chief Executive Officer and the Board of

Directors, have general management and control of the day-to-day business operations of the Corporation and shall consult with and report to the Chief Executive Officer. The President shall put into operation the business policies of the Corporation as determined by the Chief Executive Officer and the Board and as communicated to the President by the Chief Executive Officer and the Board. The President shall make recommendations to the Chief Executive Officer on all operational matters that would normally be reserved for the final executive responsibility of the Chief Executive Officer. In the absence (or inability or refusal to act) of the Chairman of the Board and Chief Executive Officer, the President (if he or she shall be a director) shall preside when present at all meetings of the shareholders and the Board.

**Section 9. Vice Presidents.** Each Vice President shall generally assist the President and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him by the President, the Executive Committee or the Board of Directors.

**Section 10. Secretary.** The Secretary shall see that notice is given of all meetings of the shareholders and special meetings of the Board of Directors and shall keep and attest true records of all proceedings at all meetings of the shareholders and the Board of Directors. He shall have charge of the corporate seal and have authority to attest any and all instruments or writings to which the same may be affixed. He shall keep and account for all books, documents, papers and records of the Corporation except those for which some other officer or agent is properly accountable. He shall have authority to sign stock certificates and shall generally perform all the duties usually appertaining to the office of secretary of a corporation. In the absence or disability of the Secretary, his duties shall be performed and his powers may be exercised by the Assistant Secretaries in the order of their seniority, unless otherwise determined by the Secretary, the Chief Executive Officer, the President, the Executive Committee or the Board of Directors.

**Section 11. Assistant Secretaries.** Each Assistant Secretary shall generally assist the Secretary and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him by the Secretary, the Chief Executive Officer, the President, the Executive Committee or the Board of Directors.

**Section 12. Treasurer.** The Treasurer shall have the care and custody of all monies, funds and securities of the Corporation; shall deposit or cause to be deposited all such funds in and with such depositories as the Board of Directors, the Executive Committee, the Chief Executive Officer or the President shall from time to time direct or as shall be selected in accordance with procedure established by the Board, Executive Committee the Chief Executive Officer or the President; shall advise upon all terms of credit granted by the Corporation; and shall be responsible for the collection of all its accounts and shall cause to be kept full and accurate accounts of all receipts and disbursements of the Corporation. He shall have the power to endorse for deposit or collection or otherwise all checks, drafts, notes, bills of exchange or other commercial papers payable to the Corporation and to give proper receipts or discharges for all payments to the Corporation. The Treasurer shall generally perform all the duties

usually appertaining to the office of treasurer of a corporation. In the absence or disability of the Treasurer his duties shall be performed and his powers may be exercised by the Assistant Treasurers in the order of their seniority, unless otherwise determined by the Treasurer, the Chief Executive Officer, the President, the Executive Committee or the Board of Directors.

**Section 13. Assistant Treasurers.** Each Assistant Treasurer shall generally assist the Treasurer and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him by the Treasurer, the Chief Executive Officer, the President, the Executive Committee or the Board of Directors.

**Section 14. Divisional Officers.** Each division of the Corporation, if any, may have a president, secretary, treasurer or controller and one or more vice presidents, assistant secretaries, assistant treasurers and other assistant officers. Any number of such offices may be held by the same person. Such divisional officers will be appointed by, report to and serve at the pleasure of the Board of Directors or the Executive Committee and such other officers that the Board of Directors or the Executive Committee may place in authority over them. The officers of each division shall have such authority with respect to the business and affairs of that division as may be granted from time to time by the Board of Directors or the Executive Committee, and in the regular course of business of such division may sign contracts and other documents in the name of the division where so authorized; provided that in no case and under no circumstances shall an officer of one division have authority to bind any other division of the Corporation except as necessary in the pursuit of the normal and usual business of the division of which he is an officer.

**Section 15. Additional Powers and Duties.** In addition to the foregoing especially enumerated duties, services and powers, the several elected and appointive officers of the Corporation shall perform such other duties and services and exercise such further powers as may be provided by statute, the Articles of Incorporation or these By-Laws or as the Board of Directors or the Executive Committee may from time to time determine or as may be assigned to them by any competent superior officer.

## **ARTICLE VIII. STOCK AND TRANSFER OF STOCK**

**Section 1. Certificates Representing Shares.** Certificates in such form as may be determined by the Board of Directors and as shall conform to the requirements of the statutes, the Articles of Incorporation and these By-Laws shall be delivered representing all shares to which shareholders are entitled. Such certificates shall be consecutively numbered and shall be entered in the books of the Corporation as they are issued. Each certificate shall state on the face thereof that the Corporation is organized under the laws of the State of Texas, the holder's name, the number and class of shares and the designation of the series, if any, which such certificate represents, the par value of such shares or a statement that such shares are without par value and such other matters as may be required by law. Each certificate shall be signed by the Chairman of the Board, the Chief Executive Officer, the President or a Vice President and the

Secretary or an Assistant Secretary and may be sealed with the seal of the Corporation or a facsimile thereof. If any certificate is countersigned by a transfer agent or registered by a registrar, either of which is other than the Corporation or an employee of the Corporation, the signature of any such officer may be facsimile.

**Section 2. Issuance.** Subject to the provisions of the statutes, the Articles of Incorporation or these By-Laws, shares may be issued for such consideration and to such persons as the Board of Directors may determine from time to time. Shares may not be issued until the full amount of the consideration, fixed as provided by law, has been paid.

**Section 3. Payment for Shares.** The consideration for the issuance of shares shall consist of money paid, labor done (including services actually performed for the Corporation) or property (tangible or intangible) actually received. Neither promissory notes nor the promise of future services shall constitute payment for shares. In the absence of fraud in the transaction, the judgment of the Board of Directors as to the value of consideration received shall be conclusive. When consideration, fixed as provided by law, has been paid, the shares shall be deemed to have been issued and shall be considered fully paid and nonassessable.

**Section 4. Lost, Stolen or Destroyed Certificates.** The Board of Directors, the Executive Committee, the Chief Executive Officer, the President, or such other officer or officers of the Corporation as the Board of Directors may from time to time designate, in its or his discretion may direct a new certificate or certificates representing shares to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate or certificates to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors, the Executive Committee, the Chief Executive Officer, the President, or any such other officer, in its or his discretion and as a condition precedent to the issuance thereof, may require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the name in such manner as it or he shall require and/or give the Corporation a bond in such form, in such sum, and with such surety or sureties as it or he may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate or certificates alleged to have been lost, stolen or destroyed.

**Section 5. Transfers of Shares.** Shares of stock shall be transferable only on the books of the Corporation by the holder thereof in person or by his duly authorized attorney. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate or certificates representing shares, duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, with all required stock transfer tax stamps affixed thereto and cancelled or accompanied by sufficient funds to pay such taxes, it shall be the duty of the Corporation or the transfer agent of the Corporation to issue a new certificate or certificates to the person entitled thereto, cancel the old certificate or certificates and record the transaction upon its books.

**Section 6. Foreign Ownership of Shares.** Not more than one-fifth of the aggregate number of shares of stock of the Corporation shall at any time be owned of record or voted by or for the account of aliens, their representatives, or by a foreign government or representative thereof, or by any corporation organized under the laws of a foreign country. The Corporation shall not be owned or controlled directly or indirectly by any other corporation of which any officer or more than one-fourth of the directors are aliens or of which more than one-fourth of the stock is owned of record or voted by aliens. In the event that the stock records of the Corporation shall at any time reflect one-fifth foreign stock ownership, no transfers of additional share certificates to aliens and other entities described above shall be made. If it shall thereafter be learned that any such additional share certificates are held by aliens and others described, such certificates shall not be entitled to vote, receive dividends or enjoy any other rights accorded to stock of the Corporation, and the holder of such certificates will be required to transfer them to a citizen of the United States or the Corporation.

**Section 7. Registered Shareholders.** The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

## **ARTICLE IX. INDEMNIFICATION**

**Section 1. Right to Indemnification.** Each person who was or is a party or is threatened to be made a party to, or testifies or otherwise participates in, any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative, any appeal in such an action, suit or proceeding, or any inquiry or investigation that could lead to such an action, suit, or proceeding (any of the foregoing hereinafter called a "proceeding"), whether or not by or in the right of the Corporation, because such person is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, proprietorship, trust, employee benefit plan, other enterprise or other entity (hereinafter a "Covered Person") shall be indemnified by the Corporation to the fullest extent authorized or permitted by applicable law, as the same exists or may hereafter be changed, against all judgments, penalties (including excise and similar taxes), fines, settlements and reasonable expenses (including attorneys' fees and court costs) actually incurred by such person in connection with such proceeding and such right to indemnification shall continue as to a person who has ceased to be a director or officer of the Corporation and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that, except for proceedings to enforce rights to indemnification, the Corporation shall indemnify a Covered Person in connection with a proceeding (or part thereof) initiated by such Covered Person only if such proceeding (or part thereof) was authorized by the Board of Directors. **It is expressly**

**acknowledged that the indemnification provided in this Article IX could involve indemnification for negligence or under theories of strict liability.**

**Section 2. Right to Advancement of Expenses.** In addition to the right to indemnification conferred in Section 1 of this Article IX, a Covered Person shall also have the right to be paid or reimbursed by the Corporation the reasonable expenses (including, without limitation, court costs and attorneys' fees) incurred in defending, testifying or otherwise participating in any such proceeding, in advance of the final disposition of the proceeding ("advancement of expenses") and without any determination as to the person's ultimate entitlement to indemnification; provided, however, that if the Texas Business Corporation Act (the "TBCA") requires, an advancement of expenses incurred by a Covered Person in advance of the final disposition of a proceeding shall be made only upon delivery to the Corporation of a written affirmation by such person of such person's good faith belief that he or she has met the standard of conduct necessary for indemnification under the TBCA and a written undertaking ("undertaking"), by or on behalf of such person, to repay all amounts so advanced if it shall be ultimately determined by final judicial decision from which there is no further right to appeal ("final adjudication") that the Covered Person has not met that standard or that indemnification of the Covered Person against expenses incurred by such person in connection with that proceeding is prohibited by the TBCA.

**Section 3. Indemnification of Other Persons.** This Article IX shall not limit the right of the Corporation to the extent and in the manner authorized or permitted by law to indemnify and to advance expenses to persons other than Covered Persons. Without limiting the foregoing, the Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation and to any person who is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, proprietorship, trust, employee benefit plan, or other enterprise against any liability asserted against such person and incurred by such person in such a capacity or arising out of his or her status as such a person to the same extent that it may indemnify and advance expenses to Covered Persons under this Article IX and to any such further extent as may be authorized or permitted by law.

**Section 4. Non-Exclusivity of Rights.** The rights provided to a Covered Person pursuant to this Article IX shall not be exclusive of any other right which any Covered Person may have or hereafter acquire under any law (common or statutory), provision of the Articles of Incorporation or these By-Laws, agreement, vote of shareholders or disinterested directors, or otherwise.

**Section 5. Insurance and Other Arrangements.** The Corporation may, to the extent permitted by law, purchase and maintain insurance, create a trust fund, establish any form of self-insurance, secure its indemnity obligation by grant of a security interest or other lien on assets of the Corporation, establish a letter of credit guaranty or security arrangement, or establish and maintain any other arrangement (any of the foregoing

hereinafter called an “arrangement”) on behalf of any person who is or was serving as a director, officer, employee, or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, proprietorship, trust, employee benefit plan, other enterprise or other entity against any liability asserted against such person and incurred by such person in such a capacity or arising out of his or her status as such a person, whether or not the Corporation would have the power to indemnify such person against such liability. If the insurance or other arrangement is with a person or entity that is not regularly engaged in the business of providing insurance coverage, the insurance or arrangement may provide for payment of a liability with respect to which the Company would not have the power to indemnify the person only if including coverage for the additional liability has been approved by the shareholders.

**Section 6. Amendments.** Any repeal or amendment of this Article IX by the Board of Directors or the shareholders of the Corporation or by changes in applicable law, or the adoption of any other provision of these By-Laws inconsistent with this Article IX, will, to the extent permitted by applicable law, be prospective only (except to the extent such amendment or change in applicable law permits the Corporation to provide broader indemnification rights on a retroactive basis than permitted prior thereto), and will not in any way diminish or adversely affect any right or protection existing hereunder in respect of any act or omission occurring prior to such repeal or amendment or adoption of such inconsistent provision.

**Section 7. Certain Definitions.** For purposes of this Article IX, (a) references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan, (b) the Corporation shall be deemed to have requested a director or officer of the Corporation to serve as a trustee, employee, agent or similar functionary of an employee benefit plan whenever the performance by such person of his or her duties to the Corporation also imposes duties on or otherwise involves services by such person to the plan or participants or beneficiaries of the plan, and (c) any action taken or omitted by a such a person with respect to an employee benefit plan in the performance of such person’s duties for a purpose reasonably believed by such person to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is “not opposed to the best interests” of the Corporation for purposes of Art. 2.02-1 of the TBCA.

**Section 8. Contract Rights.** The rights provided to Covered Persons pursuant to this Article IX shall be contract rights and such rights shall continue as to a Covered Person who has ceased to be a director, officer, agent or employee and shall inure to the benefit of the Covered Person’s heirs, executors and administrators.

**Section 9. Severability.** If any provision or provisions of this Article IX shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Article IX shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Article IX (including, without limitation, each such portion of this Article IX

containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

**Section 10. Right of Indemnitee to Bring Suit.** If a claim under Section 1 or Section 2 of this Article IX is not paid in full by the Corporation within 60 days after a written claim therefor has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be 20 days, the Covered Person may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Covered Person shall also be entitled to be paid the expense of prosecuting or defending such suit. In (a) any suit brought by the Covered Person to enforce a right to indemnification hereunder (but not in a suit brought by a Covered Person to enforce a right to an advancement of expenses) it shall be a defense that, and (b) in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that the Covered Person has not met any applicable standard for indemnification set forth in the TBCA. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, special legal counsel, or its shareholders) to have made a determination prior to the commencement of such suit that indemnification of the Covered Person is proper in the circumstances because the Covered Person has met the applicable standard of conduct set forth in the TBCA, nor an actual determination by the Corporation (including a determination by its directors who are not parties to such action, a committee of such directors, special legal counsel, or its shareholders) that the Covered Person has not met such applicable standard of conduct, shall create a presumption that the Covered Person has not met the applicable standard of conduct or, in the case of such a suit brought by the Covered Person, shall be a defense to such suit. In any suit brought by the Covered Person to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the Covered Person is not entitled to be indemnified, or to such advancement of expenses, under this Article IX or otherwise shall be on the Corporation.

#### **ARTICLE X. MISCELLANEOUS**

**Section 1. Dividends.** Dividends upon the outstanding shares of the Corporation, subject to the provisions of the statutes and of the Articles of Incorporation, may be declared by the Board of Directors at any annual, regular or special meeting and may be paid in cash, in property or in shares of the Corporation, or in any combination thereof.

The Board of Directors may fix in advance a record date for the purpose of determining shareholders entitled to receive payment of any dividend, the record date to

be not more than fifty days prior to the payment date of such dividend, or the Board of Directors may close the stock transfer books for such purpose for a period of not more than fifty days prior to the payment date of such dividend. In the absence of any action by the Board of Directors, the date upon which the Board of Directors adopts the resolution declaring the dividend shall be the record date.

**Section 2. Reserves.** There may be created from time to time by resolution of the Board of Directors, out of the earned surplus of the Corporation, such reserve or reserves as the directors from time to time, in their discretion, think proper to provide for contingencies, or to equalize dividends, or to repair or maintain any property of the Corporation or for such other purpose as the directors shall think beneficial to the Corporation. The directors may modify or abolish any such reserve in the manner in which it was created.

**Section 3. Signature of Negotiable Instruments.** All bills, notes, checks or other instruments for the payment of money shall be signed or countersigned by such officer, officers, agent or agents and in such manner as are permitted by these By-Laws and/or as, from time to time, may be prescribed by resolution (whether general or special) of the Board of Directors or the Executive Committee.

**Section 4. Fiscal Year.** The fiscal year of the Corporation shall be from January through December.

**Section 5. Seal.** The Corporation's seal shall be in such form as shall be adopted and approved from time to time by the Board of Directors. The seal may be used by causing it, or a facsimile thereof, to be impressed, affixed, imprinted or in any manner reproduced.

**Section 6. Books and Records.** The Corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its shareholders and Board of Directors and shall keep at its registered office or principal place of business, or at the office of its transfer agent or registrar, a record of its shareholders, giving the names and addresses of all shareholders and the number and class of the shares held by each.

**Section 7. Resignation.** Any director, committee member, officer or agent may resign by giving written notice to the Chief Executive Officer, the President or the Secretary. The resignation shall take effect at the time specified therein, or immediately if no time is specified. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**Section 8. Surety Bonds.** Such officers and agents of the Corporation (if any) as the Chief Executive Officer, the President, the Board of Directors or the Executive Committee may direct, from time to time, shall be bonded for the faithful performance of their duties and for the restoration of the Corporation, in case of their death, resignation, retirement, disqualification or removal from office, of all books, papers, vouchers, money and other property of whatever kind in their possession or under their control belonging

to the Corporation, in such amounts and by such surety companies as the Chief Executive Officer, the President, the Board of Directors or the Executive Committee may determine. The premiums on such bonds shall be paid by the Corporation, and the Bonds so furnished shall be in the custody of the Secretary.

**Section 9. Interested Directors, Officers and Shareholders.**

(a) Validity. Any contract or other transaction between the Corporation and any of its directors, officers or shareholders (or any corporation or firm in which any of them are directly or indirectly interested) shall be valid for all purposes notwithstanding the presence of such director, officer or shareholder at the meeting authorizing such contract or transaction, or his participation or vote in such meeting or authorization.

(b) Disclosure, Approval. The foregoing shall, however, apply only if the material facts of the relationship or the interest of each such director, officer or shareholder is known or disclosed:

(1) to the Board of Directors and it nevertheless authorizes or ratifies the contract or transaction by a majority of the directors present, each such interested director to be counted in determining whether a is present but not in calculating the majority necessary to carry the vote; or

(2) to the shareholders and they nevertheless authorize or ratify the contract or transaction by majority of the shares present, each such interested person to be counted for quorum and voting purposes.

(c) Non-Exclusive. The provision shall not be construed to invalidate any contract or transaction which would be valid in the absence of this provision.

**ARTICLE XI.  
AMENDMENTS**

**Section 1. Amendment by Board of Directors.** These By-Laws may be altered, amended or repealed or new By-Laws may be adopted at any meeting of the Board of Directors at which a quorum is present by the affirmative vote of a majority of the directors present at such meeting.

**Section 2. Amendment by the Shareholders.** These By-Laws may be altered, amended or repealed or new By-Laws may be adopted at any meeting of the shareholders by the affirmative vote of the holders of at least two-thirds of the outstanding shares entitled to vote on such matter and represented in person or by proxy at such meeting.

EXHIBIT 11 – COMPUTATION OF EARNINGS PER SHARE

<i>(In thousands, except per share data)</i>	Three Months Ended March 31,	
	2007	2006
<b>Basic Numerator:</b>		
Income before discontinued operations	\$ 99,213	\$ 97,063
Income (loss) from discontinued operations, net	3,009	(249)
Net income	\$102,222	\$ 96,814
<b>Diluted Numerator:</b>		
Numerator for income before discontinued operations — diluted	\$ 99,213	\$ 97,063
Numerator for discontinued operations, net — diluted	3,009	(249)
Net income — diluted	\$102,222	\$ 96,814
<b>Denominator:</b>		
Weighted average common shares — basic	493,843	518,139
<b>Effect of dilutive securities:</b>		
Stock options and restricted stock	1,025	677
Denominator for net income per common share - diluted	494,868	518,816
<b>Net income (loss) per common share:</b>		
Income before discontinued operations — basic	\$ .20	\$ .19
Loss from discontinued operations, net — basic	.01	(.00)
Basic	\$ .21	\$ .19
Income before discontinued operations — diluted	\$ .20	\$ .19
Loss from discontinued operations, net — diluted	.01	(.00)
Diluted	\$ .21	\$ .19

EXHIBIT 12 – COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(In thousands, except ratio)

	Three Months Ended March 31,		Year Ended				
	2007	2006	2006	2005	2004	2003	2002
Income (loss) before income taxes, equity in earnings of non-consolidated affiliates, extraordinary item and cumulative effect of a change in accounting principle	\$167,055	\$157,063	\$1,152,100	\$1,020,666	\$1,270,082	\$1,782,805	\$1,085,117
Dividends and other received from nonconsolidated affiliates	3,586	2,143	15,179	14,696	13,491	2,096	6,295
<b>Total</b>	<b>170,641</b>	<b>159,206</b>	<b>1,167,279</b>	<b>1,035,362</b>	<b>1,283,573</b>	<b>1,784,901</b>	<b>1,091,412</b>
<b>Fixed Charges</b>							
Interest expense	118,074	114,376	483,974	443,245	367,503	392,215	430,890
Amortization of loan fees	*	*	*	*	*	*	12,077
Interest portion of rentals	92,778	85,441	377,767	345,288	323,957	285,143	246,514
<b>Total fixed charges</b>	<b>210,852</b>	<b>199,817</b>	<b>861,741</b>	<b>788,533</b>	<b>691,460</b>	<b>677,358</b>	<b>689,481</b>
<b>Preferred stock dividends</b>							
Tax effect of preferred dividends	—	—	—	—	—	—	—
After tax preferred dividends	—	—	—	—	—	—	—
<b>Total fixed charges and preferred dividends</b>	<b>210,852</b>	<b>199,817</b>	<b>861,741</b>	<b>788,533</b>	<b>691,460</b>	<b>677,358</b>	<b>689,481</b>
<b>Total earnings available for payment of fixed charges</b>	<b>\$381,493</b>	<b>\$359,023</b>	<b>\$2,029,020</b>	<b>\$1,823,895</b>	<b>\$1,975,033</b>	<b>\$2,462,259</b>	<b>\$1,780,893</b>
<b>Ratio of earnings to fixed charges</b>	<b>1.81</b>	<b>1.80</b>	<b>2.35</b>	<b>2.31</b>	<b>2.86</b>	<b>3.64</b>	<b>2.58</b>
<b>Rental fees and charges</b>	<b>265,079</b>	<b>244,118</b>	<b>1,079,335</b>	<b>986,536</b>	<b>925,592</b>	<b>814,694</b>	<b>704,327</b>
<b>Interest rate</b>	<b>35%</b>	<b>35%</b>	<b>35%</b>	<b>35%</b>	<b>35%</b>	<b>35%</b>	<b>35%</b>

\* Amortization of loan fees is included in Interest expense beginning January 1, 2003.

EXHIBIT 31.1 — CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULES 13A-14(A) AND 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark P. Mays, Chief Executive Officer of Clear Channel Communications, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Clear Channel Communications, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2007

/s/ MARK P. MAYS

\_\_\_\_\_  
Mark P. Mays  
Chief Executive Officer

EXHIBIT 31.2 — CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULES 13A-14(A) AND 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Randall T. Mays, President and Chief Financial Officer of Clear Channel Communications, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Clear Channel Communications, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2007

/s/ RANDALL T. MAYS

---

Randall T. Mays  
President and  
Chief Financial Officer

EXHIBIT 32.1 — CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED  
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

This certification is provided pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and accompanies the Quarterly Report on Form 10-Q (the "Form 10-Q") for the quarter ended March 31, 2007 of Clear Channel Communications, Inc. (the "Issuer"). The undersigned hereby certifies that the Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Date: May 9, 2007

By: /s/ MARK P. MAYS

Name: Mark P. Mays

Title: Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Issuer and will be furnished to the Securities and Exchange Commission, or its staff, upon request.

EXHIBIT 32.2 — CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED  
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

This certification is provided pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and accompanies the Quarterly Report on Form 10-Q (the "Form 10-Q") for the quarter ended March 31, 2007 of Clear Channel Communications, Inc. (the "Issuer"). The undersigned hereby certifies that the Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Date: May 9, 2007

By: /s/ RANDALL T. MAYS

Name: Randall T. Mays

Title: President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Issuer and will be furnished to the Securities and Exchange Commission, or its staff, upon request.