



EXHIBIT A

Exhibit A

In connection with the Stipulation of Settlement entered into by (1) the Special Litigation Committee of the Board of Directors of Clear Channel Outdoor Holdings, Inc. (the “SLC”) (acting for and on behalf of nominal defendant Clear Channel Outdoor Holdings, Inc. (“Outdoor”)); (2) plaintiffs NECA-IBEW Pension Trust Fund and City of Pinellas Park Firefighters Pension Board; and (3) defendants Clear Channel Communications, Inc. (“Clear Channel”), Bain Capital Partners, LLC (“Bain”), Thomas H. Lee Partners, L.P. (“THL”), Margaret W. Covell, Blair E. Hendrix, Douglas L. Jacobs, Daniel G. Jones, Mark P. Mays, Randall T. Mays, Robert Pittman, Thomas R. Shepherd, Marsha M. Shields, Christopher M. Temple, Dale W. Tremblay, Scott R. Wells, and James C. Carlisle (collectively, the “Defendants”), the SLC provides the following summary of its relevant factual determinations based upon its investigation, evaluation, and analysis of matters raised by the claims and allegations asserted in the Verified Stockholder Derivative Complaint, as set forth in the Stipulation of Settlement.

Outdoor’s Initial Public Offering and the Intercompany Agreements

Before November 2005, Outdoor was a wholly-owned subsidiary of Clear Channel. On November 11, 2005, Outdoor made an initial public offering of 35 million Class A shares, representing ten percent of Outdoor’s common stock. Clear Channel continued to indirectly hold approximately 90% of Outdoor’s common stock after the IPO. Clear Channel’s holdings also included all of Outdoor’s outstanding Class B shares, which are entitled to twenty votes per share. Class A shares, by contrast, are entitled to a single vote per share. After the IPO, Clear Channel held 99% of the total voting power of Outdoor’s common stock.

In advance of the initial public offering, Outdoor and Clear Channel entered into a number of intercompany agreements, some of which formalized pre-existing arrangements pursuant to which Clear Channel provided Outdoor with finance, cash management, and other general administrative services (collectively, the “Intercompany Agreements”). The Intercompany Agreements included, among others: (i) a Master Agreement, which provided for separation of the two companies pursuant to the IPO and delineated certain aspects of their relationship going forward; (ii) a Corporate Services Agreement, pursuant to which Clear Channel would provide various services to Outdoor, including a Cash Management Arrangement; and (iii) two tandem promissory notes, evidencing amounts either due from Clear Channel to Outdoor (the “Due-From Note”) or due to Clear Channel from Outdoor (the “Due To Note”) pursuant to the Cash Management Arrangement.

These agreements were favorable to Clear Channel in a number of ways.

- The Master Agreement prohibited Outdoor from incurring debt (other than debt to Clear Channel) in excess of \$400 million. It also limited Outdoor’s ability to use its own cash; Outdoor is prohibited from completing acquisitions and cash transfers (other than with its own subsidiaries) valued at more than \$5 million without Clear Channel’s approval. Under the Master Agreement, Outdoor also may not take any action that would cause Clear Channel to breach certain contracts with third parties, including Clear Channel’s

credit agreements. Outdoor agreed to indemnify Clear Channel for any liability arising from a breach by Outdoor of the Master Agreement.

- The Cash Management Arrangement included in the Corporate Services Agreement requires that any cash from Outdoor's domestic operations that is not used to meet Outdoor's payroll or accounts payable obligations is transferred—or "swept"—to a master account maintained by Clear Channel. If Outdoor lacks cash sufficient to fund its operating obligations on any given day, Clear Channel may—but is not required to—advance the needed funds. As noted, the balances due pursuant to this arrangement are evidenced by the Due-From and Due-To Notes, as applicable. The Cash Management Arrangement may not be terminated for so long as Clear Channel and its affiliates beneficially own more than 50% of the voting power of Outdoor common stock.
- The interest rate on the Due-From Note—representing the rate paid by Clear Channel on cash swept from Outdoor pursuant to the Cash Management Arrangement—was set at the average one-month generic treasury bill rate. Under the Due-To Note, however, the rate paid by Outdoor on funds advanced by Clear Channel under the Cash Management Arrangement was set to a higher rate of average one-month LIBOR plus a margin equal to the basis points added to the LIBOR rate on LIBOR-based borrowings of Clear Channel under its corporate revolver facility. The tandem Due-From and Due-To Notes are unsecured obligations. As adopted in 2005, each was payable "on demand, or if no demand is sooner made, then on August 10, 2010."

Also in advance of the IPO, on August 2, 2005, Outdoor distributed a dividend to Clear Channel in the form of a \$2.5 billion Senior Unsecured Term Promissory Note due August 2, 2010 (the "Term Note"), the debtor under which was a wholly-owned subsidiary of Outdoor, Clear Channel Outdoor, Inc. Interest accrued on the balance of the Term Note at a variable per annum rate equal to the weighted-average cost of long-term debt of Clear Channel. At the time of the dividend, this rate was 5.7%. Like the Master Agreement, the Term Note prohibited Outdoor from incurring external debt exceeding \$400 million without Clear Channel's consent, and required that all proceeds from the sale of debt or equity at Outdoor be applied to prepay the Note.

The key terms of these agreements were disclosed to prospective purchasers in the IPO. Thus, purchasers of Outdoor's common stock were on notice of several key facts regarding Outdoor's finances. First, all excess cash from domestic operations would be loaned to Clear Channel through the cash sweep. Second, the interest rate paid by Clear Channel to Outdoor on this borrowed cash was less than the rate paid by Outdoor to Clear Channel under the term note. Third, while cash swept to Clear Channel was repayable on demand, the uses that Outdoor could make of its cash without Clear Channel's consent were extremely limited. Fourth, unless put to a permitted use, any cash repaid by Clear Channel as the result of a demand would be swept back to Clear Channel. Fifth, because of the restrictions on Outdoor borrowing contained in the Master Agreement, balances due under the Due-From Note constituted one of Outdoor's principal sources of liquidity. And sixth, the \$2.5 billion owed by Outdoor under the Term Note would fall due in 2010, while at the same time the Master Agreement prohibited Outdoor, absent Clear Channel's consent, from borrowing in the capital markets the money necessary to repay that debt.

Clear Channel's Leveraged Buyout

On November 15, 2006, approximately one year after Outdoor's partial IPO, Clear Channel announced that it had agreed to a \$26.7 billion buyout by Bain and THL (together, the "Sponsors").

In connection with the buyout, Clear Channel entered an Agreement and Plan of Merger ("Merger Agreement") with certain entities created for the purpose of facilitating the merger—BT Triple Crown Merger Co., Inc.; B Triple Crown Finco, LLC; and T Triple Crown Finco, LLC. In that agreement, the Finco entities promised to secure—and Clear Channel promised to facilitate—financing for the transaction. That financing proved difficult to obtain, however. Ultimately, the transaction did not close until twenty months later, during which time the credit markets and general economic environment deteriorated.

As a result of the substantial debt Clear Channel was to incur in connection with the LBO, coupled with the deterioration in the credit markets, the credit risk associated with Clear Channel's unsecured borrowings from Outdoor under the Cash Management Arrangement increased substantially. Between the announcement of the LBO and its closing, public shareholders of Outdoor therefore raised a number of concerns regarding its anticipated effects on Outdoor. Shareholders T. Rowe Price Associates, Inc. ("T. Rowe Price") and Arnhold and S. Bleichroeder Advisers, LLC ("A&B") contacted Outdoor at least eight times between September 2007 and August 2008, making the following assertions, among others:

- the interest rate on the Due-From Note failed to reflect the risk associated with lending to Clear Channel;
- the disparity between the interest rate Outdoor paid on the Term Note and the interest rate Outdoor was paid on the Due-From Note would grow following the LBO, since the Term-Note interest rate was set according to the weighted average cost of Clear Channel debt;
- the balance on the Due-From Note was overly large; and
- the Due-From balance should be drawn down to partially prepay the Term Note.

In April 2008, Outdoor management (who also held positions at Clear Channel) prepared a memorandum that considered whether it would be advisable for Outdoor to draw down the Due-From Note to prepay a portion of the Term Note. As of the prior month's end, the Due-From balance stood at just under \$150 million. Outdoor had approved \$153 million in pending acquisitions, and had an additional \$244 million in capital expenditures planned to occur prior to year end 2008. In addition, Outdoor had already borrowed \$320 million of the \$400 million in external borrowing permitted under the Master Agreement. Citing the pending liquidity needs and the limitations on external borrowing, Outdoor management recommended against drawing down the Due-From Note to prepay the Term Note. Instead, management recommended that Outdoor ask Clear Channel to increase the interest rate on the Due-From balance to more closely approximate what Outdoor would earn if it invested the funds itself in a manner consistent with Clear Channel's short-term investment policies.

Ultimately, on July 16, 2008, the independent directors of Outdoor sent a letter to Randall Mays, the CFO of Outdoor and President and CFO of Clear Channel, c/o Clear Channel. The letter suggested that Outdoor propose to Clear Channel that the Cash Management Arrangement be amended to allow Outdoor to retain cash balances over \$100 million. The Clear Channel Board of Directors rejected this proposal on August 8.

On July 30, 2008—after Outdoor’s independent directors wrote to Randall Mays, but before Clear Channel responded—the LBO closed. Clear Channel emerged from the LBO as a wholly-owned subsidiary of CC Media Holdings, Inc. (“CCMH”). CCMH (and, by extension, Clear Channel) is owned and managed by Bain and THL. Collectively, Bain and THL (or their affiliates) own a majority of CCMH’s voting shares, and Bain, THL, and CCMH are parties to a Management Services Agreement that obligates Bain and THL to provide financial, managerial, and operational advice. The CCMH board consists of two public directors, and ten directors appointed by Bain and THL. As required by a Stockholders Agreement dated July 29, 2008, the membership of the Boards of CCMH and Clear Channel is identical.

Following the LBO, the Outdoor board consisted of three independent directors (Raines, Shields, and Tremblay), two directors affiliated with Bain (Defendants Hendrix and Wells), two directors affiliated with THL (Defendants Covell and Jones), and three members of the Mays family, which co-founded Clear Channel (Lowry Mays and Defendants Mark and Randall Mays).

At the closing of the LBO, Clear Channel assumed approximately \$20 billion of debt, over \$16 billion of which was scheduled to come due in 2014 and 2016. As contemplated by the Merger Agreement, BT Triple Crown Merger Co., Inc. and others entered a Credit Agreement dated as of May 13, 2008 with the lenders financing the LBO (the “Credit Agreement”). Clear Channel became a party to the Credit Agreement on July 20, 2008, shortly before the LBO closed.

First, the Credit Agreement prohibits certain changes to the Intercompany Agreements. Section 7.12(c) of the Credit Agreement contains a negative covenant which bars changes to the Cash Management Arrangement, the Due-From and Due-To Notes, and the Term Note, to the extent such changes are materially adverse to the lenders. The same section expressly permits changes to the interest rate applicable to each of those arrangements, and the extension of each of them, as long as such actions are approved by the Clear Channel Board.

In addition, Section 7.14 of the Credit Agreement contains a secured-leverage covenant, which limits the ratio of consolidated secured debt of Clear Channel (and certain subsidiaries) to Clear Channel’s consolidated EBITDA. From 2009 to 2012, the secured leverage ratio was not to exceed 9.5:1 in any quarter. Beginning in the second quarter of 2013, the permitted secured leverage ratio periodically decreases in 0.25-unit increments, until it reaches 8.75:1 in the fourth quarter of 2014.

A breach of Section 7.12(c) or Section 7.14 constitutes an event of default under the Credit Agreement. An event of default permits the lenders to terminate their commitments, declare all unpaid principal amounts immediately due and payable, and require the posting of cash collateral to cover certain outstanding obligations.

Financial Considerations at Outdoor and Clear Channel Following the LBO

In the wake of the LBO, Clear Channel was heavily leveraged and projecting a declining EBITDA. Its debt was trading at a discount in the market, with senior notes available at a discount of between 18 and 88.5% in November 2008. In the second half of 2008 and first three months of 2009, each of the major credit ratings agencies downgraded Clear Channel's senior unsecured debt. In July 2008, Fitch downgraded Clear Channel's debt from BB- to CCC; after the LBO closed, Fitch withdrew its ratings on Clear Channel altogether. In February 2009, Standard & Poor's downgraded Clear Channel's debt from CCC⁺ to CCC. On March 9, Moody's downgraded the debt from Caa1 to Ca, stating, "There is a high probability that the company will violate its secured 9.5x leverage covenant this year."

The independent directors of Outdoor—James Raines, Marsha Shields, and Dale Tremblay—were concerned about the effects of a possible Clear Channel bankruptcy on the unsecured Due-From balance and Outdoor's ability to operate. In October 2008, Tremblay emailed Mark and Randall Mays, the CEO and CFO of Outdoor, respectively, seeking discussion at an upcoming Board meeting regarding a number of topics, including: effects on Outdoor and the Due-From balance in the event of continuing weakness at Clear Channel; plans for the 2010 Term Note maturity; status of the Due-From balance and Outdoor's upcoming liquidity needs; and the possibility of using the Due-From balance to pay down the Term Note or finance a dividend if the balance continued to increase. As to the last of those issues, Mark Mays responded that the question was "whether or not [Outdoor] wishes to permanently repay part of its debt-capital structure that it potentially cannot replace. [Outdoor] cannot issue dividends without approval from Clear Channel." He recommended that Outdoor management open a dialogue with Clear Channel concerning the Term Note maturity, given Outdoor's inability to obtain more than \$400 million in external financing absent Clear Channel's consent.

In the meantime, Clear Channel, Bain, and THL received a number of unsolicited restructuring proposals in late 2008 and early 2009, including from Lazard Frères & Co. LLC ("Lazard"). In November 2008, Clear Channel retained Goldman Sachs to assist it in formulating capital structure alternatives.

Goldman recommended that Clear Channel pursue an exchange transaction in which cash and new Outdoor debt would be exchanged for notes held by Clear Channel's lenders. Goldman estimated that each new Outdoor note could be exchanged for 1.5 to 3.6 existing Clear Channel notes of like face amount, depending on the identity of Clear Channel notes exchanged—allowing Clear Channel to take advantage of the discount at which its debt was trading. Goldman identified Outdoor as the best Clear Channel subsidiary at which to raise capital at the time: Clear Channel was over-levered, and Goldman had heard anecdotally in the market that Clear Channel investors had an appetite for Outdoor debt. The proceeds of the new Outdoor notes would be used to pay down Outdoor indebtedness under the Term Note.

Initial Proposals Regarding the Cash Sweep and a Potential Intercompany Transaction

On March 17, 2009, the independent directors of Outdoor—prompted by the growth of the Due-From balance to approximately \$430 million and the recent credit-ratings downgrades of Clear Channel—wrote to the Outdoor board, care of Randall Mays in his capacity as CFO of

Outdoor, proposing that the Outdoor Board (i) seek to amend the Cash Management Arrangement so as to eliminate the cash sweep, and (ii) draw down the full Due-From balance and use the funds to partially prepay the Term Note. Raines followed up with Randall Mays on April 1. Mays told Raines that he expected Clear Channel to open a dialogue with the independent directors in the coming week, and would reach out to schedule a discussion.

On April 13, Goldman made a presentation to the independent directors of Outdoor regarding a potential exchange transaction. Outdoor would issue \$3 billion in new debt with an estimated weighted average yield of 13.5% (as compared to the 5.8% that Outdoor was then paying under the Term Note), which would be exchanged for existing Clear Channel notes held by Clear Channel lenders. The transaction would allow Outdoor to refinance the Term Note and would improve Clear Channel's ratio of secured leverage to EBITDA. Goldman noted that, given then-existing market conditions, it might not be possible for Outdoor to refinance the Term Note through a standalone debt offering. Moreover, Goldman emphasized, Outdoor would benefit from carrying out a transaction that would prevent a covenant default or other financial distress at Clear Channel.

On April 24, the independent directors sent a letter to the Outdoor Board, care of Randall Mays, asking that at least \$200 million of the Due-From balance be used to pay down the Term Note.

Also in late April, the independent directors asked Outdoor management to evaluate Outdoor's liquidity needs. On April 27, management recommended that the company maintain \$100 million to cover its working capital needs alone. A few days later, management provided an analysis stating that the company's total liquidity needs were \$289 million.

On April 30, Mays sent a letter responding to the independent directors' letters of March 17 and April 24. Mays stated that he was responding to the independent directors' letters in his capacity as President and Chief Financial Officer of Clear Channel. Mays also stated that, in light of the impending formation of a special committee to consider Clear Channel's April 13 proposal, and that proposal's "aim to address Outdoor's capital structure and relationship with [Clear Channel] on a comprehensive basis, it does not seem appropriate to me for the Outdoor Board to consider discrete elements of the relationship prematurely or on a piecemeal basis."

Formation of the 2009 Outdoor Special Committee

In light of Goldman's presentation of a potential transaction between Outdoor and its controlling shareholder, Clear Channel, the Outdoor Board adopted resolutions on April 30, 2009 forming a special committee of independent directors (the "Special Committee") with the authority to retain independent advisors and to review, evaluate, and approve or reject all transactions proposed between the two companies. The Board appointed Raines, Shields, and Tremblay to the Committee, and determined that none of them had any interest that would interfere with their ability to exercise independent judgment in evaluating the proposed transactions. Raines was selected as Chair.

Dale Tremblay is the President and CEO of C.H. Guenther and Son, Inc., a food company with locations across the United States and Europe that serves both consumers and commercial

customers. He has also served on the Board of Texas Capital Bank and the Advisory Counsel for the Federal Reserve Bank of Dallas.

James Raines is a long-time Texas banker. He has served on the boards of Hispanic Broadcasting and Waddell & Reed Financial.

Marsha Shields occupies the second-highest-ranking executive position at McCombs Enterprises, which owns automobile dealerships, sports teams, convenience stores, and an insurance enterprise. She is the daughter of Red McCombs, a co-founder of the Clear Channel enterprises, and President of the McCombs Foundation, with responsibilities over gifts, financial arrangements, and investments.

Each of Raines, Shields, and Tremblay had some connections to the Mays family, which had co-founded Clear Channel. Raines has known Lowry Mays since the men worked at the same firm in the 1970s, and golfs with Mark and Randall Mays. Shields sat on an advisory board at the MD Anderson Cancer Center, to which the Mays family also contributed money. Tremblay had invested in real estate partnerships alongside the Mays family, belonged to three social clubs to which members of the Mays family also belonged, and played golf with Mark and Randall Mays about once a month. None of Raines, Shields, or Tremblay, however, had any social connections with principals of Bain or THL or their representatives on the Clear Channel and Outdoor boards, nor did they have any financial interest in Clear Channel, Bain, or THL.

The SLC concluded that the members of the Special Committee were independent, and the vigor with which they negotiated against Clear Channel (as detailed below) reinforces that conclusion.

The independent directors had previously retained Vinson & Elkins as their legal advisor in 2006, following Clear Channel's announcement that it was considering strategic options, and they continued to retain Vinson & Elkins as legal advisor to the Special Committee.

The Special Committee also retained Lazard, which had served as financial advisor to the Special Committee of Clear Channel during the LBO transaction, as its financial advisor. John Chachas, then a Managing Director, led the engagement. Lazard's compensation, aside from a retainer, had three components. The primary and largest component was a payment contingent on completing a recapitalization transaction, which was broadly defined to include "any refinancing, restructuring, redemption, exchange, modification, or retirement of" the Term Note. Lazard could also earn an additional mandatory incentive fee based on realizing reductions in Outdoor's debt-service obligations, using the debt service obligations offered in Goldman's April 13 proposal as a baseline. Finally, a discretionary success fee could be bestowed for achieving benefits for Outdoor in the recapitalization transaction other than a debt-service reduction and benefits flowing from a refinancing of the intercompany notes. During Lazard's engagement by the Special Committee, Chachas participated in two separate, unrelated business pitches to THL. The participants from THL included Charles Brizius, a THL managing director and Clear Channel Board member who had a role in shaping the refinancing proposals Clear Channel made to Outdoor over the course of 2009. Lazard did not receive business as a result of either pitch.

Subsequent Proposals and Negotiation During May and June 2009

On May 7, 2009, the Outdoor Board met and discussed the potential refinancing. The Board reviewed management's liquidity-needs analysis, and the independent directors renewed their proposal that the Board draw down \$200 million of the Due-From balance and use it to prepay a portion of the Term Note balance. The minutes of the meeting state that the Board determined to defer consideration of the proposal until after the Special Committee had completed its review of the comprehensive refinancing proposal from Clear Channel, as a comprehensive solution could offer benefits that other alternatives might not.

Negotiations regarding a potential refinancing went forward in earnest in May and June. Both sides stood to benefit from a negotiated transaction. Outdoor needed to address the upcoming Term Note maturity. Clear Channel needed to address the risk that it would breach its secured-leverage ratio, and a debt offering by Outdoor was an attractive—although not the only—potential method by which to do so.

Goldman Sachs was the principal negotiator for Clear Channel, with occasional participation from Randall Mays. John Chachas of Lazard was the principal negotiator for the Special Committee. The Special Committee met ten times over these two months, and considered four additional proposals, three of which originated with Clear Channel and one of which originated with a third party, Bank of America/Merrill Lynch ("BAML"):

- on May 15, BAML proposed a sale of \$2.5 billion in Outdoor notes to third parties, the proceeds of which would be used to prepay the entire Term Note balance;
- on May 16-17, Clear Channel proposed a \$2.8 billion offering of Outdoor notes, some of which would be placed with third parties and some of which would be placed with existing Clear Channel lenders, resulting in a refinancing of the entire Term Note;
- on May 28, Clear Channel proposed an offering of \$1.5-\$2.5 billion in Outdoor notes, which would be placed exclusively with Clear Channel's existing lenders, and which would result in the refinancing of some or all of the Term Note, with the maturity of any remaining Term Note balance extended; and
- on June 19, Clear Channel proposed a sale of \$1.5 billion in Outdoor notes to third parties, the proceeds of which would be used to prepay a portion of the Term Note, with the remaining Term Note balance being extended.

As the proposals evolved, the Special Committee extracted a number of concessions from Clear Channel, including:

- the establishment of a liquidity reserve of at least \$100 million, which would be funded by a drawdown of the Due-From balance and which would remain on Outdoor's balance sheet;
- an escrow arrangement to service the interest payments on any newly-issued debt, which would be funded by deposits preceding the cash sweep on any given day;

- an increase in the interest rate on the Due-From Note to roughly the yield of any new Outdoor notes issued; and
- a commitment that Outdoor's overall leverage would not increase.

Clear Channel refused to agree to any changes to the sweep under the Cash Management Arrangement. It also declined to allow Outdoor to contribute the Due-From Note to its subsidiary, Clear Channel Outdoor, Inc., the debtor under the Term Note held by Clear Channel, which the Special Committee understood would facilitate an offset of the two notes in the event of a Clear Channel bankruptcy. Clear Channel took the position that, in light of Section 7.12(c) of the Credit Agreement, it would not agree to such changes without the consent of its lenders. Clear Channel indicated that the effort required to extract such consent could jeopardize the success of the refinancing transaction as a whole.

No transaction was completed in the first half of 2009. Market conditions were such that Outdoor would have been required to pay a thirteen percent coupon (or more) on any newly-issued debt, and Clear Channel's lenders could not be persuaded to accept the amendments to the Credit Agreement necessary to facilitate an exchange of Clear Channel debt for new Outdoor notes.

During this period, Clear Channel's financial condition worsened. From the end of 2008 through the first half of 2009, Clear Channel's internal forecasting models projected steadily declining EBITDA, with the result that, under certain sets of assumptions, Clear Channel's secured-leverage ratio would come close to the limits permitted under its Credit Agreement. At these levels, a relatively modest shortfall in projected EBITDA could result in a covenant breach by the end of the year.

Further Proposals by the Independent Directors Regarding Due-From Drawdown and Term Note Payment

On July 30, the members of the Special Committee sought and received information from joint Outdoor-Clear Channel management regarding the Due-From balance, Outdoor projections, and Clear Channel's current and forecasted secured-leverage covenant ratios. The Due-From balance had by then grown to \$488 million by the end of June, a \$57 million increase over the balance at the end of the first quarter. On September 3, the Independent Directors informed Mark and Randall Mays that at the Board meeting scheduled for September 10, they would recommend that the Outdoor Board demand repayment of \$300 million of the Due-From balance and prepay a portion of the Term Note.

The Independent Directors made the recommendation at the September 10 meeting as planned. In response, Mark Mays told the Outdoor Board that the Clear Channel Board preferred to present a comprehensive proposal addressing the concerns regarding the Due-From Note and the Term Note. The Independent Directors agreed to postpone the vote on their recommendation in exchange for assurances from the Bain and THL representatives on the Outdoor Board that Clear Channel would present a comprehensive proposal at a Special Meeting of the Outdoor Board to be held on October 19.

Clear Channel's October 19, 2009 Proposal

The proposal Clear Channel delivered at the October 19 meeting did not contemplate an immediate refinancing of any portion of the Term Note, or provide for any paydown of the Due-From Note. Rather, the proposal's terms included a six-month extension of the Term Note, an increase in the Due-From interest rate to match that of the Term Note, and agreement by the Special Committee to pre-approve a \$1 billion Outdoor debt offering to take place at an unspecified future date. The Special Committee did not view the proposal as "comprehensive," but informed Clear Channel that it was willing to consider the aspects of the proposal other than pre-approval. On November 6, Randall Mays relayed a proposal to the Special Committee with substantially the same terms as the October 19 proposal, but specifying timing and interest-rate constraints on the Outdoor debt offering for which the Special Committee's pre-approval was sought.

On November 13, the Special Committee responded by letter, stating that it would not agree to pre-approval. "If Clear Channel and/or its Sponsors do not agree to extend the Term Note and to adjust the inter-company interest rate," the Special Committee wrote, "we will recommend to the Outdoor Board that the Term Note be reduced immediately with funds from the 'due from' balance of \$528MM."

Late November and December 2009 Proposals and Negotiations

In late November 2009, the Sponsors began receiving inquiries about the possibility of an Outdoor notes offering.

Clear Channel and the Sponsors made three refinancing proposals to the Special Committee in December. Between December 2 and December 18, the Special Committee met six times, and the Outdoor Board met ten times, to discuss them. At times, there were as many as three Board and Special-Committee meetings per day. Blair Hendrix, a Managing Director at Bain who sat on both the Clear Channel and Outdoor boards, assumed the role of primary negotiator on behalf of Clear Channel and the Sponsors. Chachas remained the primary negotiator on behalf of the Special Committee, though Hendrix sometimes spoke directly with Raines. The parties negotiated with the expectation that, as a practical matter, the market for debt offerings would close for the year on Friday, December 18.

Clear Channel's first December proposal revived the idea of a "new money" bond offering by Outdoor. Key features of this proposal were:

- \$1 billion in unsecured notes would be issued by an Outdoor subsidiary, Clear Channel Worldwide Holding, the proceeds of which would be used to pay down part of the Term Note;
- the maturity dates on the Due-From Note and remaining balance on the Term Note would be extended to six months beyond the maturity of the newly-issued notes;
- Clear Channel would have the option, but not the obligation, to raise the interest rate on the Due-From Note to match the Term-Note rate;

- an unspecified amount of the Due-From Note would be drawn down to serve as a liquidity reserve for Outdoor; and
- at an unspecified future date, Outdoor would issue additional debt to refinance the remaining Term Note balance.

In negotiations with Clear Channel, the Special Committee successfully bargained to (i) eliminate Clear Channel's option to set the Due-From interest rate at the T-bill rate and instead require that the Due-From rate be increased to match the rate of the Term Note; (ii) establish a \$100 million liquidity reserve for Outdoor, funded in part by a \$50 million pay-down of the Due-From balance; and (iii) reset the interest rate on the Term Note to match the rate Outdoor would pay on its newly-issued notes. Clear Channel sought the Committee's preapproval for a future transaction that would refinance the remaining Term Note balance, and the Special Committee eventually agreed to preapprove the transaction within defined parameters. The Special Committee and the Outdoor Board approved the proposed transaction, as modified through the Special Committee's negotiations, on December 8, 2009.

On December 12, however, a group of Clear Channel's lenders objected to the transaction, arguing (among other things) that it violated the Credit Agreement by allowing Outdoor to acquire more than \$400 in external debt without completely refinancing the Term Note. Clear Channel therefore formulated a revised proposal: Outdoor would issue \$1 billion in cash notes, and \$1.65 billion in floating-rate senior unsecured notes that would be exchanged for \$1.5 billion in outstanding Clear Channel debt. The proposed transaction would refinance the Term Note in its entirety. Concerned about Outdoor becoming overleveraged, however, the Special Committee negotiated a cap of \$2.5 billion on total indebtedness that Outdoor could incur, and the value of the new Outdoor notes to be exchanged for Clear Channel debt was therefore reduced to \$1.5 billion. The Special Committee also sought a \$1 billion cap on the Due-From balance, but this request was rebuffed. The Special Committee approved the second proposal, as revised, on December 16.

In the early-morning hours of December 17, it became clear that a debt exchange, which required the approval of Clear Channel's lenders, would not be possible. Clear Channel therefore came forward with a proposal for a \$2.5 billion "new money" offering of notes of a wholly-owned Outdoor subsidiary, Clear Channel Worldwide Holdings, Inc. ("Worldwide"), (which would allow for prepayment of the entire Term Note balance), along with a \$500 million paydown of the Due-From Note. The proposal also included a \$100 million liquidity reserve at Outdoor and an increase in the Due-From interest rate to the weighted average coupon rate of the new Worldwide notes. The Special Committee and the Outdoor Board approved the transaction on December 17, and the offering closed on December 28. The proceeds of the partial paydown of the balance under the Due-From Note, together with proceeds of the notes offering, were used to repay the Term Note in full.

The rate on the new Worldwide notes was set at 9.25%. On December 23, Outdoor and Clear Channel executed an amendment to the Due-From Note that reset the rate thereunder to the same variable per annum rate of interest under the Due-To Note, and extended the maturity date of the Due-From Note to December 15, 2017.

Chachas left Lazard at the end of December 2009 to campaign for a United States Senate seat from Nevada. In the several weeks before his departure, Chachas sent to Clear Channel representatives who were involved in the negotiations a number of emails that had an ingratiating tone and, in a few instances, appeared to criticize his client or its other advisors. It was not entirely clear whether these comments were genuine or were intended as a negotiating tactic. On at least one occasion, Chachas forwarded to Clear Channel representatives an email chain that included confidential discussions among the Special Committee and its legal and financial advisors. In late 2009, Chachas sought contributions to his political campaign. Among those from whom he solicited contributions after the final refinancing transaction had been approved were representatives of Clear Channel and the Sponsors. Insofar as the SLC has been able to determine, no one employed by Clear Channel, Bain, or THL contributed to his campaign. Upon learning of these facts during the course of the SLC's investigation, the members of the 2009 Special Committee were critical of the emails, but also expressed the strong view that this conduct did not affect the outcome of negotiations. The Special Committee directed Chachas to seek—and he successfully obtained—substantial concessions from Clear Channel. On occasion, after Chachas had advised the Committee that the terms of a particular proposal were fair, the Committee instructed Chachas to seek, and he in fact obtained, further concessions.

In November 2012, Outdoor refinanced the December 2009 Worldwide notes at a rate of 6.5%—thus reducing the rate received on the Due-From balance, but resulting in a substantial net savings to the company.

Conclusions of the Special Litigation Committee

After an in-depth analysis of the facts developed in the investigation and the applicable legal standards, and consideration of the costs and risks of litigation, the Special Litigation Committee determined that the benefits conferred by the Stipulation of Settlement outweigh the potential gains of further litigation. This determination is based on the following conclusions:

- Any assessment of the fairness of the December 2009 transaction between Outdoor and Clear Channel must take account of the pre-existing contractual constraints to which Outdoor was subject, as well as the entirety of the consideration received by Outdoor in the transaction.
- The December 2009 transaction provided substantial benefits to Outdoor, including an increase in the interest rate payable on the Due-From Note and the refinancing of the \$2.5 billion Term Note that would have fallen due in August 2010. Given the unique nature of the contractual relationships and the variety of consideration flowing in the transaction, there is no reliable basis by which to measure whether greater benefits could have been achieved in a transaction between unrelated parties under the same contractual constraints.
- The members of the 2009 Outdoor Special Committee were independent and negotiated vigorously. The SLC considered whether the conduct of Chachas interfered with the committee's discharge of its duties. The SLC found no evidence that it did, or that it resulted in Outdoor receiving less consideration in the December 2009 transaction than otherwise would have been the case.

- The SLC also considered whether the interested directors on Outdoor's board acted improperly in failing to acquiesce to the independent directors' periodic proposals to demand repayment of a portion of the Due-From balance. There is evidence, however, that the interested directors believed that demanding repayment was not in Outdoor's best interests, particularly given the lack of other sources of liquidity for Outdoor. And the SLC found no evidence that the failure to demand repayment resulted in Outdoor receiving less consideration in the December 2009 transaction than otherwise would have been the case.
- The Corporate Governance Measures, as defined in the Stipulation of Settlement, provide substantial benefits to Outdoor and its shareholders that could not be achieved through litigation.