



CLEAR CHANNEL METROPLEX, INC.

EMPLOYEE GUIDE

January, 1998

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Supercedes all Prior Policies

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IMPORTANT INFORMATION ABOUT THIS GUIDE AND YOUR EMPLOYMENT

Welcome to Clear Channel Metroplex, Inc., Inc. (the "Company"). The headquarters of the Company are in San Antonio, Texas.

This Employee's Guide contains important information about your employment, and should therefore be reviewed by you in its entirety. It is intended to provide consistency and general guidelines for personnel administration for the Company. Particular situations may not be covered by these policies and may require additional explanation from your supervisor or the General Manager at your station.

The Company operates in a number of states, so the Company's legal obligations in each state may differ. To the extent any policy in this handbook is inconsistent with the law in any particular state, such provision should be considered void without affecting the remainder of this Guide.

Except for the arbitration agreement, the policies and procedures set out in this Guide are not meant to define the terms and conditions of your employment with the Company, nor does this Employee's Guide create a contract of employment. The employee should be aware that the policies, programs and benefits described in this handbook, like all other policies of the Company, may be amended at any time, and that depending upon particular circumstances of a given situation, the Company's actions may vary from written policy, except for the arbitration agreement. These policies apply to all employees unless superseded by a written individual contract or collective bargaining agreement, and will apply to all employees regardless of whether an employee specifically objects or refuses to acknowledge a particular policy covered in the Guide. By accepting or continuing employment with this Company, all employees are deemed to agree to abide by the policies set out in this Guide.

Employment with the Company is on an at-will basis. This means that the employment relationship is not an entitlement; it may be terminated at any time for any reason or no reason, with or without notice, by either the employee or the Company. No supervisor or manager has any authority to alter the terms of this policy, either orally or in writing. Only the President or a Senior Vice President may alter the terms of this policy and then only through a written statement signed by the officer.

If you have any questions about the matters addressed in this Guide or any policies of the Company, you should feel free to contact your supervisor.

EQUAL EMPLOYMENT OPPORTUNITY

Clear Channel Metroplex, Inc., Inc. is firmly committed to treating employees and applicants for employment according to their experience, talent, and qualifications for the job, without discrimination because of race, creed, color, national origin, sex, membership in the protected age group, disability (if otherwise qualified for the job), or any other legally protected classification. Our policy in this regard covers all employment decisions, including recruitment, hiring, placement, promotions, transfers, layoffs or terminations, rates of pay, employee benefits, and selection for training.

We are firmly committed to complying with all provisions of the Fair Labor Standards Act, as amended, which establishes minimum rates of pay and overtime pay requirements. We likewise support the Equal Pay Act amendments to the law.

POLICY ON SEXUAL HARASSMENT

Sexual harassment of employees is unlawful and will not be tolerated. Sexual harassment may create an intimidating, hostile or offensive work environment and interfere with the employee's ability to perform his or her job.

Our policy prohibits any form of sexually-oriented speech or conduct that is unwelcomed and offensive to the recipient. Conduct prohibited by this policy includes verbal abuse; sexually offensive jokes, materials (whether written or electronic), and tricks; nonverbal, sexual messages such as suggestive looks or gestures; unwelcomed sexual advances, propositions or demands for sexual favors; and unwelcomed physical touching (e.g., pinching, hugging, patting or repeated brushing against another individual's body).

A supervisor who expressly or impliedly bases job-related decisions on an employee's submission to sexually harassing conduct, or who threatens to do so, violates this policy. Non-supervisory coworkers will also be held accountable for any sexually harassing conduct. Appropriate action will be taken toward employees who are found to have engaged in sexual harassment, up to and including termination.

In order to fulfill its commitment to providing a harassment-free workplace, the Company encourages its employees to advise the Company of conduct which is perceived to be sexual harassment. If you believe you have been subjected to sexual harassment, tell the person that you find it offensive and want it to stop. If the speech or conduct does not cease immediately, or if you are uncomfortable telling the offending person to stop such conduct, present the problem to your immediate supervisor, your station's Business Manager/EEO officer or, if you prefer, any other member of management. If the complaint involves someone in your direct line of supervision, then go directly to the General Manager or to the Corporate Human Resources Department or the Chief Executive Officer. Your complaint will be investigated promptly and thoroughly, and corrective action, as appropriate, will be taken. It is essential that you present your complaint promptly, within 24 hours of the occurrence if possible, giving us a chance to take prompt remedial action. An employee making a good-faith complaint of sexual harassment will be protected against retaliation or reprisals of any kind.

OTHER DISCRIMINATORY HARASSMENT ALSO PROHIBITED

We are intolerant of any speech or conduct that is intended to, or has the effect of, abusing or harassing any employee because of his or her race, age, ethnic origin, sex, or religious beliefs, or other legally protected classification. Examples of such conduct include, but are not limited to, epithets or slurs; threats, intimidation, or hostile acts; written, electronic or graphic materials that denigrate, show hostility, or show aversion toward an individual or group, which are placed on walls, bulletin boards, or elsewhere on Company property or are circulated in the workplace. Such actions destroy employee morale and camaraderie. Treat others with the same respect as you yourself expect to be treated.

If you believe you have been subjected to discriminatory harassment, tell the person that you find it offensive and that you want it to stop. If the speech or conduct does not cease, or if you are uncomfortable telling the offending person to stop, present the problem to your immediate supervisor, your General Manager, your station's Business Manager/EEO officer or any other member of management. If the complaint involves someone in your direct line of supervision, then go directly to the General Manager, the Corporate Human Resources Department or the Chief Executive Officer. The Company will pursue the matter in the same manner as in a case of sexual harassment, and the complainant will be given the same protection against reprisals.

OPEN DOOR POLICY

We try our best to be attentive to employees' concerns, so that we can improve things where possible. If you have a problem, complaint, or suggestion relating to your employment, present the matter to your supervisor. If your supervisor seems unwilling or unable to address the matter, you should feel free to discuss your concerns with the General Manager. At your request, the General Manager will meet with you without your supervisor in attendance, but reserves the right to share relevant portions of the discussion with your supervisor. If you do not feel comfortable discussing a particular problem with your supervisor or General Manager, you may contact the Company's Corporate Office to discuss your concerns.

ARBITRATION AGREEMENT

Everyone knows about the high cost of litigation. After much study, the Company has decided that private arbitration is a more efficient, less expensive, and usually faster way to resolve disputes than through a traditional lawsuit in state or federal court. Accordingly, we require that new, non-union employees sign an agreement promising that all disputes arising out of employment with us, or the termination of employment, will be submitted to final and binding determination by an impartial arbitrator under the Employment Dispute Resolution Rules of the American Arbitration Association. FOR EMPLOYEES HIRED PRIOR TO MAY 31, 1996, THE ARBITRATION AGREEMENT BECAME EFFECTIVE AUGUST 19, 1996. FOR ALL EMPLOYEES HIRED ON OR AFTER JUNE 1, 1996, THE ARBITRATION AGREEMENT BECAME EFFECTIVE AT THE TIME EMPLOYMENT COMMENCED.

Employees are still protected by all applicable employment laws, and are merely agreeing to have any employment-related claim decided by a private arbitrator rather than by a judge or jury. EMPLOYEES ARE NOT GIVING UP ANY SUBSTANTIVE RIGHTS TO RECOVER DAMAGES. This arbitration agreement is not subject to change. **By accepting or continuing employment with this Company, all non-union employees are deemed to agree to abide by the Arbitration Agreement set out in this Guide.**

Arbitration is the procedure used for the resolution of any dispute that may arise between the Company and employees. In the interest of a prompt and fair resolution of any dispute that an employee might have with the Company, each employee is required to enter into this Agreement in exchange for employment with the Company and the Company's agreement to resolve any disputes with each employee in the same manner.

Many of the disputes or claims that might possibly arise between the Company and an employee could be made the subject of a formal charge or complaint before a state or federal agency and/or the subject of a lawsuit in a state or federal court. In most such cases, either party (the Company or employee) could ultimately have the case tried before a jury upon request.

By this Arbitration Agreement, however, employees give up their right to sue the Company, and the Company is giving up its right to sue employees in court, as well as the right to trial by jury. Instead, the Company and employees hereby agree that any legal claim or dispute that either may hereafter have against or with the other will be submitted solely to a private, impartial arbitrator (a "private judge," so to speak) for a final and binding decision.

EMPLOYEES ARE NOT GIVING UP ANY SUBSTANTIVE RIGHTS TO RECOVER DAMAGES or other relief for any legal wrongs that may hereafter occur in violation of any state or federal law. Each employee is merely agreeing to present any such claim to an arbitrator rather than to a court or administrative agency.

Scope of the Arbitration Agreement

As a condition of employment with the Company, each employee hereby WAIVES HIS/HER RIGHT TO SUE the Company, and the Company hereby waives its right to sue the employee, for any claim or cause of action arising out of or relating to the employee's employment relationship with the Company or the termination thereof. In lieu of suing, any such legal dispute may instead be submitted for final and binding resolution by a private, impartial arbitrator. The arbitration shall be governed by the Employment Dispute Resolution Rules of the American Arbitration Association. A copy of these rules is available for each employee to review.

Covered Claims:

This Agreement covers the following potential claims:

1. Any dispute regarding the arbitrability of any such claim;
2. Any dispute regarding this Agreement, including but not limited to its enforceability, scope or terms;
3. Any claim that could be asserted in court or before an administrative agency, including without limitation, claims for breach of any contract or covenant, express or implied; assault, battery, invasion of privacy, defamation of character, infliction of emotional distress, tortious interference with contract, or other tort claims, including any claim that an employee was injured or damaged because of the negligence of the Company or any of its employees; and claims for wrongful discharge and/or for violation of any federal, state or local law, statute, ordinance or regulation, or common law;
4. Any claim for discrimination, including but not limited to discrimination because of sex, pregnancy, race, national or ethnic origin, age, religion, creed, marital status, sexual harassment, sexual orientation, mental or physical disability or medical condition or other characteristics protected by statute;

5. Any claim of retaliation or discrimination against the Company for opposing the violation of any federal, state or local statute or ordinance, including but not limited to the Fair Labor Standards Act, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the state workers' compensation law or any "whistleblower" law; and
6. Any claim for commissions or wages.

Claims Not Covered:

This Agreement does not cover:

1. Claims for workers' compensation benefits;
2. Claims for unemployment compensation benefits;
3. Claims for benefits based upon the Company's employee welfare benefit plans if they contain a final and binding appeal procedure for the resolution of disputes under the plan; or,
4. Claims by the Company for injunctive and/or other equitable relief, including but not limited to claims to enforce a covenant not to compete or for unfair competition or use or unauthorized disclosure of trade secrets or confidential information.

Content of Arbitration Demand; Time Limits

Under this Agreement, a party wishing to submit a claim for arbitration must serve a written notice on the other which expressly:

1. States the precise nature of each claim (e.g., breach of contract, sex discrimination, etc.) for which arbitration is sought;
2. Sets forth a short and plain statement of the operative facts supporting each such claim (who, what, when, etc.); and
3. Specifically requests arbitration of the claim(s).

This notice shall be deemed served when sent to the other party by certified mail, return receipt requested, at the other party's last known address.

The written notice described herein must be mailed within the statute of limitations set by law for the claim. If the demand for arbitration is served beyond the statute of limitations, the underlying claim(s) shall be deemed waived and considered void.

Pre-Arbitration Procedures

Within 30 days after the mailing of the arbitration demand, the other party shall serve a written answer upon the party demanding arbitration, by certified mail, return receipt requested. The answer shall:

1. Admit or deny each of the facts alleged in the arbitration demand; and
2. Provide a short and plain statement of any other legally recognized defenses to the claim(s), including affirmative defenses.

After service of the answer, the parties shall promptly make a joint request to the American Arbitration Association for a panel of arbitrators. Upon receipt of the panel, the parties shall jointly select the impartial arbitrator in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association.

Either party may conduct discovery of the other by deposition, interrogatories, requests for production of documents and things, and requests for admission. Neither party, however, may require more than three oral depositions. Discovery will be conducted in accordance with the Federal Rules of Civil Procedure and will be concluded within 90 days after service of the answer to the arbitration demand. Unresolved discovery disputes will be presented to the arbitrator for final resolution.

Rules Governing the Arbitration

Any arbitration conducted pursuant to this Agreement will take place in the state where the employee is principally employed by the Company. The parties may, however, agree on an alternative location. The law of the state where the employee is principally employed by the Company will govern any substantive state *law* claims.

The arbitration hearing will be conducted within 120 days after the parties' appointment of the impartial arbitrator, or as soon thereafter as the arbitrator shall deem reasonable.

The arbitrator shall have the authority to interpret and apply to the dispute any statute, ordinance, regulation, or principle of common law as may be applicable, and may award such relief as would be available if the claim(s) were brought in a court of

law, to the extent the arbitrator deems appropriate. The arbitrator shall have no authority to disregard or alter the Company's rules or policies, however, unless he/she determines that a rule or policy violated existing law at the time of the alleged violation.

The arbitrator will render a written decision within 30 days after the close of the arbitration hearing. A judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction over the claim. The award may be vacated or modified only on the grounds specified in the Federal Arbitration Act, 9 U.S.C. §§1-16, or other applicable law.

Each employee bringing a claim will share the arbitrator's fees and expenses equally with the Company. All other costs and expenses associated with the arbitration, including but not limited to any attorneys' fees, shall be borne by the party incurring the expense. However, if a party is entitled to attorneys' fees under any federal, state or local statute or law, the arbitrator will award those fees pursuant to the governing law, at his/her discretion.

Other Provisions

The Company promises that it will neither undertake nor permit any discrimination or retaliation against any employee for good faith efforts to resolve any dispute or for using the procedures in this Agreement.

This Agreement does not in any way alter an employee's status as an at-will employee. The Company or the employee may terminate their employment relationship at any time, with or without reason or prior notice. Employment with this Company is not for any specific period or definite duration.

The invalidity, illegality or unenforceability of any provision herein shall not affect the validity, legality or enforceability of the remaining provisions of this Arbitration Agreement.

GROUP HEALTH AND WELFARE BENEFITS

The Company offers a number of worthwhile health and welfare benefit programs to its full-time, non-union employees, including:

- Basic medical (hospitalization) coverage for employees, with a co-payment made by the employee;
- Optional short-term salary continuation benefits which provide 60% of an employee's base salary for up to 12 weeks while the employee is on an approved leave due to the employee's serious health condition as defined by the FMLA. To be eligible for these benefits, the employee must have been employed with the Company for at least 12 months and must have worked at least 1,250 hours for the Company during the previous 12 months;
- A term life insurance policy for employees equal to one year's compensation (up to a maximum of \$75,000.00); with double indemnity for accidental death; and

At their own discretion, full-time, non-union employees may also purchase long-term disability coverage at a group rate, dependent life insurance, dental coverage, dependent basic medical (hospitalization) and supplemental life insurance. Employees electing coverage take part in the Company's "cafeteria plan" under Section 125 of the Internal Revenue Code, which allows employees to use pre-tax dollars to pay for these additional options and coverage other than long-term disability and short-term salary continuation benefits. The Internal Revenue Service does, however, place certain limitations on what an employee may purchase through a cafeteria plan.

Employees are eligible for these health and welfare benefits through the Company after they have worked for the Company for sixty (60) days. Likewise, dependent coverage cannot be purchased by an employee until the expiration of this sixty (60) day waiting period, although an employee will be asked to accept or decline dependent coverage at the time of employment. All coverage is effective the first day of the month following the end of the sixty (60) day waiting period.

Details on coverages can be found in the annual summary of benefits statement. Only full-time, non-union employees are eligible for coverage through the Company. Health and welfare benefits for union employees are defined in the respective collective bargaining agreement(s).

RETIREMENT PLANNING

The Company's Profit-Sharing (and Savings) Plan provides employees the opportunity to set up a retirement plan and fund it with pre-tax dollars, the tax on which is deferred until retirement (similar to an IRA). To be eligible for participation in the Company's 401(k) Plan, an employee must be twenty-one years or older and must have worked at least 1,000 hours in the preceding twelve months. An employee will be allowed to select from one of a number of investment options. The Company may change the availability of these options at any time.

Once eligible, an employee may enroll in the Plan on January 1st, April 1st, July 1st, or October 1st of each year. An employee may contribute from 1% to 15% of his or her pre-tax income. The Company will match to the extent of 35 cents on each contributed dollar of the first 5% of the employee's contribution up to a specified dollar limit, which is periodically adjusted for inflation. An employee's right to receive the Company's contribution (referred to as "vesting") is:

- 20% after three years;
- 40% after four years;
- 60% after five years;
- 80% after six years; and
- 100% after seven years full-time service.

Each vesting year must include 1,000 hours worked. This Employee's Guide is not a substitute for the Summary Plan Description, which is available for your review. You should read the plan before making a decision regarding the 401(k). Should there be any differences in interpretation between this section and the formal plans, the text of the formal plans will govern.

LEAVES OF ABSENCE

A leave of absence for a reason acceptable to the Company may be granted for employees. In order for a leave to be granted, the employee must make his or her request in writing at least ten (10) days prior to the requested absence, except in emergency situations. The leave of absence request must be approved by the supervisor. Unauthorized absence subjects the employee to disciplinary action, up to and including termination.

While on leave of absence, an employee does not earn any additional fringe benefits such as vacation or paid "sick" days, and is ineligible for pay on holidays occurring during the leave.

An employee who does not return to work on the first regular working day following the end of the approved leave of absence shall be discharged, unless an extension is requested in writing by the employee and granted by the supervisor before the expiration of the originally approved leave.

The Company will attempt to place an employee returning from a leave of absence in the same job as was held prior to the beginning of the leave, or in a job comparable to that which the employee held before the leave. Except as required by law, however, the Company gives no guarantee in this regard. If a position is offered to an employee returning from a leave of absence and the employee fails to accept such offer, he or she will be considered as having voluntarily quit his or her employment with the Company.

There are five (5) categories of leave that the Company may grant:

1. Family & Medical Leave
2. Military Leave
3. Personal Leave
4. Jury Duty Leave
5. Workers' Compensation

Additional leaves may be granted in accordance with applicable state law requirements. Unless otherwise required by law, no leave shall exceed 18 continuous months.

Family & Medical Leave

Subject to the conditions set forth below, eligible employees who need to care for family members or themselves may be granted up to twelve (12) weeks of unpaid leave per year. The term "year" for this purpose is calculated on the date the employee begins a Family and Medical Leave rather than a calendar or fiscal year.

The employee must have been employed for at least twelve (12) months and worked at least 1,250 hours during the previous twelve (12) months. Subject to certain exceptions, the employee must work at a location where the Company has at least fifty (50) employees within 75 miles of the work site. Employees who do not meet these requirements should refer to the other types of leave discussed below; they are not guaranteed position restoration at the end of the leave or payment of health insurance benefits. Eligible employees should provide at least thirty (30) days notice, if possible, of their intention to take a Family and Medical Leave. Failure to do so may result in a postponement of the leave.

Employees are entitled to take up to twelve (12) weeks unpaid leave a year for:

1. The birth of the employee's child;
2. The placement of a child with the employee for adoption or foster care;
3. To care for the employee's spouse, child or parent who has a serious health condition;
4. A serious health condition rendering the employee unable to perform his or her job.

The amount of FMLA leave available to an eligible employee is calculated according to the following formula authorized by the Department of Labor:

Amount of FMLA Leave Available = (12 weeks) - (all FMLA leave used in the past 12 months).

An employee's right to leave for the birth or adoption of a child ends 12 months after the child's birth or placement with the employee.

Employees are required to use all unused vacation and paid sick leave benefits at the outset of a leave for the reason stated in #3 above; such vacation and sick leave benefits will be counted as part of the 12 weeks leave. For #1, #2, or #4, employees

are not required, but may elect to use all unused vacation or sick days at the outset of a leave.

The Company will continue the employee's medical coverage under the same conditions as if the employee were working. Employees must make arrangements before starting their leave to have their portion of any premiums due paid while they are on FMLA leave, or, in case of a medical emergency, as soon as possible thereafter. If the employee elects not to return to the job, then the employee will owe the premiums paid to maintain the coverage during the leave, except where the failure to return to work is due to (1) the continuation, recurrence, or onset of a serious health condition that would entitle the employee to Family and Medical Leave (either affecting the employee or an immediate family member) or (2) other circumstances beyond the control of the employee.

Medical certification will be required for leaves due to the employee's own serious health condition or that of a family member. The Company reserves the right, at the Company's expense, to require a second medical opinion. If the first and second opinions differ, the Company may request a third opinion, at the Company's expense, which is then binding. The Company may require periodic reports regarding the employee's status and intent to return to work. The Company may require the employee to present a fitness-for-duty certificate prior to being restored to employment. The certification itself need only be a simple statement of an employee's ability to return to work and perform the essential functions of the job. If such certification is required but not received, your return to work may be delayed until certification is provided. The cost of the certification shall be borne by the employee and the employee is not entitled to be paid for the time or travel costs spent in acquiring certification.

The employee may take Family and Medical Leave intermittently or on a reduced work schedule when medically necessary due to the employee's or a family member's illness. The Company reserves the right to temporarily transfer the employee to an available alternative position with equivalent pay and benefits if the employee is qualified for the position and it better accommodates recurring periods of leave than the employee's regular job. An employee is entitled to return to the same or equivalent position with equivalent pay and benefits if the employee returns within the approved period of leave not exceeding 12 weeks.

Military Leave

The Company recognizes and supports the right of any employee who is a member of the National Guard of any State or organized Reserve unit of any branch of the Armed Forces. The Company requests that such employees give as much notice of required military leave as possible. If the military pay is less than the employee's pay at the Company, the employee will be paid the difference between the two, for up to two weeks. Upon return from military leave, the employee will be restored in accordance with applicable state or federal law.

Personal Leave

The Company recognizes that its employees may occasionally require periods of time off for urgent personal reasons. However, personal leave will be granted sparingly. Such leaves of absence are granted at the discretion of the General Manager, with the supervisor's concurrence. Such absences may be authorized with or without pay at the discretion of the General Manager, who must judge each request on its own merit and circumstances, taking into account the needs of the station.

Jury Duty Leave

Upon receipt of a jury summons, an employee must promptly notify his/her supervisor. Employees required to serve jury duty will be excused from work with no loss of seniority or job status. Full-time employees are eligible for paid jury duty up to a maximum of forty (40) hours at their regular hourly rate.

In the event an employee has completed his or her jury duty or is excused from further duty prior to the end of his or her scheduled hours of work, he or she must promptly notify the supervisor on duty to determine if he or she should report for work for the remainder of the shift. After jury duty is completed, satisfactory evidence of attendance must be presented to the employee's supervisor.

Workers' Compensation Leave

Employees will be granted workers' compensation leave in accordance with the applicable state law requirements.

PAID "SICK" DAYS

Beginning after ninety (90) days of employment with the Company, employees are entitled to five (5) paid "sick" days per year. Following his/her initial year of hire, an employee earns five (5) paid sick days on January 1 of each year. Unused sick leave may be accumulated (carried over) from year to year, up to a maximum of forty-five (45) days.

The following schedule applies to employees during their first calendar year of employment and sets forth the number of paid "sick" days for which an employee is eligible once the 90-day waiting period is completed:

<u>Month Hired</u>	<u># of "Sick" Days</u>
January/February	5
March/April	4
May/June	3
July/August	2
September/October	1
November/December	0

The purpose of sick leave is to provide an employee time to visit a doctor or to recuperate from illness or injury. These "sick days" are not to be used as additional vacation time. However, an employee may use paid "sick" days for urgent personal matters. If an employee has exhausted all accrued sick leave but has accrued vacation time available, at the Company's option, accrued vacation time may be used during the period of recuperation once accrued sick leave has been exhausted, thus enabling the employee to prevent the loss of income in those instances where he or she has accrued vacation available. Family and Medical Leave Act provisions outlined in this Guide may also apply to "sick" days. Employees are not paid for unused sick leave upon termination of employment for any reason.

VACATION POLICY

Vacation entitlement is based on time served as a Company employee and is granted to all full-time regular employees in accordance with the guidelines established below.

Vacation must be taken between January 1 and December 31 and cannot be carried over into the next calendar year, unless required by state law. The only exception to the no carryover rule occurs when an unexpectedly heavy work load prevents the taking of a scheduled vacation time before the end of a calendar year. Any such exception to the no carryover rule must be approved, in writing, by the General Manager or other appropriate corporate officer.

Vacation scheduling must be done in conjunction with the employee's supervisor and management so that adequate station coverage can be maintained. Requests should be submitted in writing at least 30 days prior to the desired vacation period. The vacation preferences of each employee will be given due consideration. However, the scheduling of vacations must be coordinated with the Company's business needs, the vacations or absences of other employees, and other relevant factors. If a conflict occurs in the vacation dates requested by employees within a department, the supervisor will designate the vacation schedule, taking in to account such factors as length of service, order of request and workload. Vacation may not be taken by members of the air staff during Spring or Fall rating period unless prior approval by the supervisor and General Manager is obtained.

No vacation may be taken during an employee's first six months of employment. After the initial six months of employment, an employee receives vacation benefits during his/her first calendar year as set forth in the following schedule:

<u>Month Hired</u>	<u>Paid Vacation</u> <u>(In Calendar Year Hired)</u>
January	5 days
February	4 days
March	3 days
April	2 days
May or June	1 day
July or After	0 days

Vacation pay will consist of the employee's regular rate of pay. Time on vacation will not be considered to be hours worked for computing overtime. Full-time regular employees may take vacation according to the following schedule:

<u>Years of Service*</u>	<u>Paid Vacation</u>
1 but less than 5	2 weeks
5 but less than 10	3 weeks
10 or more	4 weeks

*As of January 1 following date of hire

As of January 1 immediately following an employee's hire date and every January 1 thereafter, employees are advanced vacation they will accrue on December 31 of that calendar year (*i.e.*, an employee may take anticipated, earned vacation in a calendar year).

Unused vacation leave will not be paid to the employee during employment, nor upon separation/termination of employment, unless specifically required by state law. Any vacation days already taken but not yet accrued as of an employee's date of separation/termination will be owed to the Company and will be deducted from the final paycheck.

Employees who are entitled to a vacation of two weeks or less may take their full vacation at one time. Those entitled to more than two weeks are discouraged from taking more than two weeks consecutively, with the balance to be taken separately. Employees who are entitled to at least two weeks vacation must take at least one full consecutive week per year.

HOLIDAYS

In keeping with the American tradition, the Company observes six holidays each year, as follows:

New Year's Day
Memorial Day
4th of July

Labor Day
Thanksgiving Day
Christmas Day

Generally, if the holiday falls on a Saturday, it will be observed on the prior Friday. If the holiday falls on a Sunday, it will be observed on the following Monday. The General Manager has the option to designate three (3) additional holidays that coincide with local traditional or national holidays, for example, Dr. Martin Luther King, Jr. Day. These dates will be formally designated each year, not later than January 15 of the year.

Absent a formal, written agreement to the contrary, the air staff will be expected to work normal shifts on holidays without any additional compensation, inasmuch as this has already been anticipated in determining their basic monthly or hourly compensation. In order to receive holiday pay, an employee must have worked the scheduled work days immediately preceding and immediately following the holiday. If a holiday falls within an employee's vacation period, the day will be treated as a holiday and not as a vacation day.

Paid, unworked holidays do not count toward the calculation of overtime. Accordingly, employees who do not work on a holiday should write "holiday" on their time sheets instead of recording hours worked.

ATTENDANCE AND PUNCTUALITY

We are all members of a team, and no team does its best unless everyone is on hand, prepared and ready to start at their assigned time. This is especially important in our business, where advertising/broadcasting schedules must be strictly maintained. Employees who are not present cannot contribute.

Even though tardiness or absence may be for good reason, these can occur so often that it becomes necessary to replace the employee with another who can be present for work. Accordingly, repeated tardiness or unexcused absenteeism will not be tolerated.

If it is necessary for you to be absent from work, it is your responsibility to personally notify your supervisor as soon as possible. You should call in before the time you are supposed to report for work, if at all possible. Except in exceptional circumstances, if you are absent without calling in to your supervisor for two (2) consecutive scheduled work days, you will be deemed to have abandoned your job, and your employment will be terminated.

If you are absent for medical reasons for more than three (3) days, then you should obtain and provide to the Company a written statement indicating the medical need for you to be off work. In addition, if deemed necessary and requested by the Company, you will be required to obtain a doctor's written statement indicating the medical need for your absence and stating that you are medically able to resume work.

WORK HOURS AND OVERTIME POLICY

For overtime pay purposes, our workweek begins at 12:01 a.m. on Sunday and ends at 12:00 midnight the following Saturday. Non-exempt employees who work more than forty (40) hours per week will receive one and one-half times their regular equivalent hourly rate of pay for all such overtime hours. Alternatively, a non-exempt employee may be granted paid time off in lieu of overtime pay within the same pay period at the option of the station, provided the time off is granted on a one-and-a-half-to-one basis to the employee for such overtime hours worked. If an individual state's labor law requires an exception to these general rules, overtime pay will be paid in accordance with that state law.

The Company tries to keep overtime work for non-exempt employees to a minimum. The needs of our listeners, viewers, and clients come first, however, and overtime may be required of any employee, whether on normal business days or on the weekend. Non-exempt employees may not take it upon themselves to work beyond scheduled hours, however, without the express prior approval of the supervisor.

PAYDAYS AND TIME REPORTING

All employees are paid twice each month. The pay periods are: (1) the 1st of the month through and including the 15th day of the month; and (2) the 16th day of the month through and including the last day of the month. Employees will receive their paycheck at or before the close of business on the first business day following the end of the pay period. Should the end of the pay period be a Saturday, Sunday or recognized Company holiday, paychecks will be delivered on the preceding business day.

All non-exempt employees are required to keep time sheets, which are collected approximately five to seven days before the end of the pay period. All part-time employees should turn in only those hours actually worked. Therefore, part-time employees are paid with an approximate one to two week lag. The information from the time sheets is taken in advance, so that payroll can be reported to the home office in San Antonio, Texas. If the number of hours an employee reports differs from those actually worked, then the difference should be accounted for in the time sheets covering the immediate following pay period. Other compensation elements not reported in the current pay period should also be reported in the following pay period.

It is essential that timesheets be accurate. Therefore:

- Only you or your supervisor may fill out your timesheet;
- Enter your starting and quitting times each day, never wait until the end of the week;
- Check your timesheet before signing it.

PERFORMANCE EVALUATIONS AND SALARY INCREASES

An employee's job performance is regularly monitored by his or her supervisor and the Company. The Company strives to provide written evaluations at least once a year, usually during March or April. At that time an employee's performance and compensation will be reviewed, and if the employee believes his/her job performance warrants an increase in compensation, then he/she should discuss that matter with his/her supervisor. Supervisors recommend salary increases to the General Manager, when appropriate. Increases, if granted, are usually effective May 1st. Pay increases are based solely upon job performance.

INSURABILITY AS A CONDITION OF EMPLOYMENT

All employees whose duties require driving must be insurable at standard automobile insurance rates at all times to continue their employment. Consequently, you must protect your personal driving record to protect your job. Drive safely at all times, both on and off the job. Do not get tickets and, above all, do not place yourself in a position where you might be cited for driving under the influence of an intoxicating substance. Remember, all offers of employment and continued employment are contingent upon insurability at standard rates.

ADDRESS AND DEPENDENCY CHANGES

Keep the Company informed of your current home address, home telephone number, eligibility to work in the United States, and the names of the person(s) to be notified in case of an emergency. You should also notify us promptly of any changes in your marital status or the number of your dependents, for this can affect Federal Income Tax withholding and dependents' insurance coverage.

PERSONAL APPEARANCE

Employees must report to work in clean and neat clothing. Hair must be clean, combed and of a reasonable cut. Any employee whose personal appearance or hygiene is unacceptable will be sent home to correct the problem, and this non-work time will be unpaid. Employees must project a neat and professional appearance at all times during working hours.

CLIENT RELATIONS

The Company takes great pride in its relationships with its clients. The Company's clients are at all times to be treated in a courteous, respectful manner. From the initial phone contact, throughout the duration of the business relationship, all efforts should be directed toward one end; that is, delivering the best quality service. Any contact with a client (or prospective client), be it in person, by mail or on the telephone, should reflect this commitment to quality and professionalism.

OUTSIDE EMPLOYMENT

Employees may hold outside jobs so long as they meet the performance and attendance standards of their job with the Company. The prior approval of management must be obtained, however, before any employment outside the Company is accepted. Outside employment that creates a conflict of interest (working for a competing outdoor advertising company or broadcaster, for example) or is related in any way to the broadcasting or outdoor advertising industry is prohibited. Employees may not receive any income or other material gain from individuals outside the organization for materials produced or services rendered while performing their jobs for the Company.

EMPLOYMENT OF RELATIVES

No employee may directly or indirectly supervise or be supervised by a member of his or her immediate family, without written approval of the Chief Executive Officer or a Senior Vice President. For purposes of this policy, "immediate family" is defined as spouse, child, parent, sibling, grandparent, grandchild, spouse of any of the foregoing, or anyone living in the same household as the applicant or employee. Exempted from this policy is any relationship between employees that was already in existence upon the implementation of this policy in April, 1996, or as of the date the station was acquired by Clear Channel Communications.

In the event that the marriage or cohabitation of employees places them in violation of this policy, they will be given the opportunity to decide between themselves which of them is to request a transfer or resign. The Company will consider such a transfer request, but cannot guarantee placement elsewhere. If the employees fail to decide between themselves within sixty (60) calendar days, the employee with the shorter length of service with the Company will be transferred or discharged.

PERSONAL RELATIONSHIPS

Romantic or sexual relationships between a supervisor and the employee supervised are prohibited. While we do not wish to interfere unnecessarily with your activities away from the workplace, such a relationship between a supervisor and the person supervised can compromise the supervisor's effectiveness, generate feelings of unfairness, and otherwise complicate working relationships with unnecessary distractions. Should an intimate relationship have a negative impact on the conduct of business, the Company will take necessary disciplinary action, including, in the Company's sole discretion, dismissal of the affected employees. Therefore, if such a relationship arises, the Company expects the employees to act responsibly by disclosing the relationship to their supervisors, resigning or seeking a transfer prior to the time it becomes necessary for the Company to take disciplinary action.

Romantic or sexual relationships between co-workers who do not hold supervisor-supervised positions are strongly discouraged as such relationships may also complicate the working relationship. If such a relationship arises, the Company hopes that the employees will act responsibly in that regard.

CONFLICTS OF INTEREST

Employees have an obligation to conduct business within guidelines that prohibit actual or conflicts of interest. An actual or potential conflict of interest occurs when an employee is in a position to influence a decision that may result in a personal gain for that employee or for a relative as a result of the Company's business dealings. For the purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with the employee is essentially equivalent to that of persons who are related by blood or marriage.

Absent Senior Vice President or other higher written approval, the following outline sets forth the general guidelines under which the Company wishes to operate its business:

1. Employees may not have ownership of a material interest in any supplier, contractor, subcontractor, vendor, customer, client, competitor or other entity with which the Company does business. For example, but without limitation, employees may not have any type of financial interest in a business that displays advertising, that buys or sells advertising, or that owns or leases real or personal property used for advertising displays.
2. No employee shall accept full or temporary employment with any organization which is a competitor of the Company.
3. Employees may not act in any capacity—including director, officer, partner, consultant, employee, distributor, agent, or the like—for any supplier, contractor, subcontractor, vendor, customer, client, competitor or other entity with which the Company does business or against which the Company competes for business absent written approval by an authorized Corporate Officer.
4. Employees may not utilize the service of a supplier, contractor, subcontractor, vendor, customer or client for personal gain or other purposes not related to the Company's business without prior approval.
5. Employees may not directly or indirectly accept payments, services, loans or other considerations, up to and including gifts, trips, entertainment, or other favors or more than nominal value from a supplier, contractor, subcontractor, vendor, customer, client, or other entity with which the Company does business.

CONFIDENTIALITY

Company business should not be discussed with anyone outside of the organization, and client information should be held in the strictest confidence. This policy does not prohibit the disclosure of information which is routinely made available to the public. Questions regarding the confidentiality of particular information should be directed to a supervisor. Violations of this policy may result in discipline, up to and including termination of employment, depending upon the circumstances.

PUBLIC INFORMATION REQUESTS

The General Manager of the station is responsible for the dissemination of public information to the media (radio, television, newspaper, magazines, etc.). Requests for interviews or information about the Company shall, **in all cases**, be referred to the General Manager.

GIFTS

The Company recognizes that from time-to-time employees may be offered gifts by clients and vendors. However, employees should politely refuse to accept gifts of personal or substantive value. If the client or vendor or potential client or vendor persists, the employee should contact his/her supervisor. Nominal, non-monetary or token holiday gifts, such as those which can be shared with others, or meals, may be appropriate. Questions regarding the appropriateness of particular gift should be addressed to a supervisor. Any gift or token of appreciation offered or accepted which has a total value of more than \$25.00 must be reported to a supervisor in writing.

No employee is permitted to solicit meals, trips, commissions, or remuneration of any type from clients, vendors, lessors, others doing business of desiring to do business with the Company. Any employee found to have solicited such gifts may be terminated immediately.

NO SOLICITATION AND DISTRIBUTION POLICY

Solicitation of employees by non-employees for any charitable or commercial purpose, and the promotion, distribution or circulation of pamphlets, literature or any other material by non-employees on Company premises is prohibited.

Working time, unlike meal periods and rest periods, is for work. Accordingly, solicitations of employees by other employees is strictly prohibited during employee's work time. The distribution of literature by employees is forbidden in working areas at any time.

The posting or displaying of any leaflets, notices, literature, decals, stickers or similar material on Company property, including Company vehicles, or work premises is strictly prohibited.

RESTRICTIONS ON USE OF COMPANY FACILITIES AND RESOURCES

Employees may use the facilities, resources, equipment, supplies, instruments or other property of the Company only in the course of their employment and on behalf of the Company.

SAFETY

The Company makes every effort to provide a safe workplace for employees. Your personal safety will not be fully protected, however, unless you are safety-conscious. Be alert for potential hazards, unsafe conditions, and unsafe practices; and report them promptly to your supervisor. Obey safety regulations at all times. Should an unsafe condition or an accident occur, even though no one is injured, it should be reported to your supervisor as soon as possible. All injuries must be reported to your supervisor immediately.

USE OF COMPANY COMMUNICATIONS AND ELECTRONIC STORAGE DEVICES

The Company provides employees a number of communications devices designed to enhance our efficiency. These devices may include, but are not limited to, telephones, fax machines, computers, postal and carrier services, voice mail, pagers, and the like. Generally speaking, we expect these devices to be used for business purposes only. Incidental, limited use of these devices for non-business messages will be tolerated, however, so long as the use does not --

1. exceed the scope permitted by this policy;
2. infringe on the right of another employee;
3. result in a cost billable to the Company;
4. interfere with the conduct of Company business;
5. adversely affect another employee in the performance of his or her duties;
6. reflect adversely on the Company, as determined by the Company;
7. violate an instruction of a supervisor; or
8. violate or otherwise lead to the violation of a Company rule.

No wire, oral or electronic communication to persons not employed by the Company, or which is subject to legal interception by non-employees, may contain confidences of or information derogatory to the Company. Employees must always be conscious of their duty to protect the confidentiality and reputation of the Company.

Employees should expect no right to privacy in use of Company communications or electronic storage devices, whether the use is personal or business in nature. Employees who use Company communications devices consent, as a condition of their employment, to having their wire, oral, and electronic communications intercepted, monitored, recorded, captured, stored, trapped and/or reviewed by Company officials at any and all times, with or without notice, by any mechanism, including pen registers and trap and trace devices. Accordingly, employees are prohibited from using any device or taking any measure that defeats Company access to such communications and/or electronic storage devices, including, but not limited to the use of computer passwords or the encryption of information, unless authorized by the Company for business reasons only. In cases where an employee utilizes a device or takes a measure that defeats Company access to such communications and/or electronic storage devices, the Company reserves the right to bypass or defeat the device or measure, utilizing any means available to the Company, with or without notice to the employee.

SUBSTANCE ABUSE AND DRUG TESTING POLICY

It is the unwavering goal of Clear Channel Metroplex, Inc., Inc. to create and promote a working environment free from substance abuse. Consequently, the Company has adopted this substance abuse policy in order to foster the health and safety of all employees and their working environment by encouraging the elimination of substance abuse.

- ix. Employees shall not possess, use, sell, transfer, ingest, inhale, or in any manner imbibe any illegal drugs or alcoholic beverages during working hours. The term "illegal drugs" shall be deemed to include prescription drugs (except when taken as directed by an employee's doctor) and illegal inhalants and drugs. Open containers of alcohol are equally prohibited in all Company and personal vehicles parked on Company premises. Alcoholic beverages may be consumed in moderation at functions where they have been authorized by the Company. No alcohol is allowed at Company functions beyond that supplied and controlled by the Company.
- x. Employees shall not ingest, inhale or imbibe any illegal drugs during non-working hours. Alcoholic beverages may be consumed during non-working hours when such use is legal, unless the use of alcohol is found to be hampering the work of the employee. Alcoholic beverages may not be consumed during the time period an employee is driving to work.
- xi. Employees shall not report to work or enter Company premises with a detectable level of an illegal drug or of alcohol in their bodies. Employees who are taking prescribed medication which could jeopardize the safety of the employee and/or others or significantly affect the employee's job performance should report this to their supervisor before starting work. If necessary, the Company may take measures to ensure safe and efficient operations.
- xii. An employee who violates any prohibition or requirement of this substance abuse policy is subject to discipline, up to and including immediate suspension or termination.
- xiii. Employees who are in need of rehabilitation or counseling for drug or alcohol abuse may contact the General Manager for confidential

referral to programs offering such services. Our group medical plan provides certain benefits for employees who receive such services. Consult your summary of benefits statement for further information. Employees who request such referrals will not be disciplined for making the request but, depending on the nature of the job, may be temporarily transferred or placed on a leave of absence if safety considerations so require.

- xiv. Employees experiencing problems with drugs or alcohol are encouraged to seek assistance before detection of drug or alcohol abuse, or the employees' behavior due to the abuse of drugs or alcohol, subjects them to disciplinary action. Once an employee has been asked to take a test or is under investigation under this policy, his or her offer to be referred for rehabilitation on a voluntary basis will not necessarily limit disciplinary action, and may have no bearing whatsoever.
- xv. Employees are subject to drug and/or alcohol testing in any circumstance which, in the sole discretion of the Company and consistent with applicable state and federal law, warrants testing. This may include random testing, to the extent permitted by applicable law. Testing for alcohol use will be conducted only if such testing is job related and consistent with business necessity. By continuing their employment, employees are deemed to agree to submit to such permissible testing upon request, as a condition of continued employment. The Company will utilize reliable, medically accepted methods for screening for drug use and alcohol levels, such as urine screens, blood tests, or any other scientifically accepted procedure.
- xvi. Whenever a person is required to submit a drug or alcohol test under this policy, that person's written consent will be obtained in advance of the test. Failure to consent in writing to such a test constitutes a violation of this policy and will result in immediate termination.

WORKPLACE VIOLENCE AND WEAPONS

The purpose of this policy is to provide our employees with a safe place to work and to do what we can to prevent and deal with workplace violence.

Workplace violence can be attributable to a variety of reasons, including personality conflicts among personnel, family and marital problems, drug and alcohol abuse, job stress and termination, to name a few. Those who are feeling overwhelmed either because of job-related or personal reasons, are encouraged to speak with their supervisor or General Manager in order to identify potential resources available to aid you in effectively dealing with such stress.

The Company's effort to decrease the occurrence of violence at the workplace requires that you follow certain rules and policies:

- (1) **Prohibited Conduct** - violence or threats of violence of any sort, including verbal abuse, stalking, harassment, horseplay, physical attacks, fistfighting and unwelcome physical touching, including sexual or otherwise is prohibited. Anyone in violation of this policy is subject to disciplinary action, up to and including dismissal.
- (2) **Prohibited Weapons** - no guns, knives or other weapons are allowed on Company premises or property, including Company-owned or leased facilities, buildings, parking lot(s), driveway(s), or sidewalks. Also, no employee may carry any weapon while in a Company vehicle, in a personal vehicle on Company premises or while conducting Company business. Violation of this rule will result in disciplinary action, up to and including dismissal.

IMPORTANT NOTE ON CONCEALED WEAPONS: This rule applies even to those weapons which are licensed and lawfully concealed. No weapons, whether licensed or not, may be carried or used while the employee is on Company property, is working on or off Company premises and/or while in a Company vehicle. This rule also applies to our clients, contractors, customers and vendors and their employees while on our premises or while working for us.

RULES OF CONDUCT

The Company expects you to observe "common sense" rules of general conduct and to adhere to generally accepted customs of good taste in our relations with each other. In our Company, as in any group with a common purpose, rules are necessary. Your cooperation and good judgment will benefit the well-being of all. For the further guidance of employees, the following is a partial list of offenses and violations which are considered to be against the interest of the Company and its employees. Engaging in such conduct subjects the employee to discipline, up to and including dismissal.

1. Violating any rule or regulation of the Federal Communication Commission or the Federal Trade Commission.
2. Theft or other acts of dishonesty, including but not limited to, unauthorized use or removal of Company property and disclosure of trade secrets.
3. Violation of the Company's policy on substance abuse and drug testing.
4. Falsification or misrepresentation on records (including, but not limited to employment applications, resumes, timesheets, transaction reports, etc.).
5. Violation of safety rules.
6. Insubordination, including but not limited to, refusal to accept or follow the instructions of a supervisor.
7. Discourteous or abusive conduct toward clients, fellow employees, or others, including but not limited to unlawful harassment because of one's sex, race, age, national origin, religion, disability, or any other legally protected classification.
8. Fighting or provoking fights on Company property or while on Company business.
9. Sleeping while on duty.
10. Violation of the Company's policy on Workplace Violence and Weapons
11. Failure or refusal to cooperate with fellow employees, management or a company investigation.
12. Tardiness, and/or unauthorized absence.

13. Carelessness or negligence which results in the destruction or damage of Company property, or endangers life or property.
14. Knowingly completing another employee's time sheet, or permitting entries to be made on your own timesheet by another employee.
15. Participation in horseplay or practical jokes, or disorderly conduct of any kind while on Company premises or during working hours, including the use of abusive, profane, or threatening language.
16. Misappropriating Company funds, property or assets.
17. Willful abuse of Company or client property.
18. Making, publishing or repeating false, vicious or malicious statements concerning the Company, client, fellow employees. Making, publishing or repeating disparaging remarks about the Company, its employees or its services over the air.
19. Posting or removing notices, signs or writing on or from Company premises without management permission.
20. Failure to carry out work responsibilities in a proper manner.
21. Misuse, disclosure to third persons, or misappropriation of any confidential information, business secrets or business opportunity in any manner adverse to the Company.
22. Inefficiency, lack of production, or incompetence.
22. Violation of any other Company work rule or policy.

It is not possible to list all rules of conduct. The Company tries to avoid unnecessary restrictions on your personal conduct, because we feel certain that you will follow the generally accepted business customs. In the event of a violation of a rule, all of the circumstances will be considered.

DISCIPLINE PROCEDURES

Examples of disciplinary action include, **but are not limited to**, oral warnings, written reprimands, suspensions without pay, demotions, and discharge. Each episode of misconduct will be evaluated on a case-by-case basis. In determining the appropriate discipline, the Company may take into account any or all of the following factors: the nature and severity of the misconduct; the length of the employee's employment with the Company; the employee's overall work performance; past evaluations; other misconduct by the employee, past or present; the employee's reaction to past discipline; the employee's explanation for and attitude toward the misconduct; the employee's attitude toward his or her position, his or her co-workers, and the Company; and any other factor deemed appropriate by the Company. Depending on such factors, a single episode of misconduct may result in immediate discharge.

The Company's adoption or use of these disciplinary procedures DOES NOT LIMIT, in any manner, the employee's at-will status.

EMPLOYEE GUIDE

ACKNOWLEDGEMENT OF RECEIPT OF GUIDE AND RESPONSIBILITY FOR ITS CONTENTS

NOTE TO EMPLOYEE: Please read this Employee Guide and keep it handy for future reference. You are required to sign this sheet and return it to your supervisor within three (3) days after you receive this booklet.

I have received a copy of the Employee's Guide of Clear Channel Metroplex, Inc., Inc. dated January, 1998. I understand that this Guide sets out the current policies, rules, regulations and principles of this Company. The policies contained in this Guide apply to all employees, unless specifically superseded by a written individual contract or collective bargaining agreement, and will apply to all employees regardless of whether an employee specifically objects or refuses to acknowledge a particular policy covered in the Guide. By accepting or continuing employment with this Company, all employees are deemed to agree to abide by the policies set out in this Guide.

Except for the arbitration agreement, I understand that the Company may amend, modify or revoke any of its rules, regulations or employment policies at any time. I further understand that the rules, regulations and employment policies of the Employee's Guide do not create a contract of employment or a guarantee of the terms or conditions of employment.

I understand that my employment is at will, for an indefinite time, and that my employment relationship with the Company may be terminated by me or by the Company for any or no reason at any time, without prior notice.

PRINT NAME

STATION

DATE

SIGNATURE

ARBITRATION AGREEMENT

Everyone knows about the high cost of litigation. After much study, the Company has decided that private arbitration is a more efficient, less expensive, and usually faster way to resolve disputes than through a traditional lawsuit in state or federal court. Accordingly, we require that new, non-union employees sign an agreement promising that all disputes arising out of employment with us, or the termination of employment, will be submitted to final and binding determination by an impartial arbitrator under the Employment Dispute Resolution Rules of the American Arbitration Association. FOR EMPLOYEES HIRED PRIOR TO MAY 31, 1996, THE ARBITRATION AGREEMENT BECAME EFFECTIVE AUGUST 19, 1996. FOR ALL EMPLOYEES HIRED ON OR AFTER JUNE 1, 1996, THE ARBITRATION AGREEMENT BECAME EFFECTIVE AT THE TIME EMPLOYMENT COMMENCED.

Employees are still protected by all applicable employment laws, and are merely agreeing to have any employment-related claim decided by a private arbitrator rather than by a judge or jury. EMPLOYEES ARE NOT GIVING UP ANY SUBSTANTIVE RIGHTS TO RECOVER DAMAGES. This arbitration agreement is not subject to change. By accepting or continuing employment with this Company, all non-union employees are deemed to agree to abide by the Arbitration Agreement set out in this Guide.

Arbitration is the procedure used for the resolution of any dispute that may arise between the Company and employees. In the interest of a prompt and fair resolution of any dispute that an employee might have with the Company, each employee is required to enter into this Agreement in exchange for employment with the Company and the Company's agreement to resolve any disputes with each employee in the same manner.

Many of the disputes or claims that might possibly arise between the Company and an employee could be made the subject of a formal charge or complaint before a state or federal agency and/or the subject of a lawsuit in a state or federal court. In most such cases, either party (the Company or employee) could ultimately have the case tried before a jury upon request.

By this Arbitration Agreement, however, employees give up their right to sue the Company, and the Company is giving up its right to sue employees in court, as well as the right to trial by jury. Instead, the Company and employees hereby agree that any legal claim or dispute that either may hereafter have against or with the other will be submitted solely to a private, impartial arbitrator (a "private judge," so to speak) for a final and binding decision.

EMPLOYEES ARE NOT GIVING UP ANY SUBSTANTIVE RIGHTS TO RECOVER DAMAGES or other relief for any legal wrongs that may hereafter occur in violation of any state or federal law. Each employee is merely agreeing to present any such claim to an arbitrator rather than to a court or administrative agency.

Scope of the Arbitration Agreement

As a condition of employment with the Company, each employee hereby WAIVES HIS/HER RIGHT TO SUE the Company, and the Company hereby waives its right to sue the employee, for any claim or cause of action arising out of or relating to the employee's employment relationship with the Company or the termination thereof. In lieu of suing, any such legal dispute may instead be submitted for final and binding resolution by a private, impartial arbitrator. The arbitration shall be governed by the Employment Dispute Resolution Rules of

the American Arbitration Association. A copy of these rules is available for each employee to review.

Covered Claims:

This Agreement covers the following potential claims:

1. Any dispute regarding the arbitrability of any such claim;
2. Any dispute regarding this Agreement, including but not limited to its enforceability, scope or terms;
3. Any claim that could be asserted in court or before an administrative agency, including without limitation, claims for breach of any contract or covenant, express or implied; assault, battery, invasion of privacy, defamation of character, infliction of emotional distress, tortious interference with contract, or other tort claims, including any claim that an employee was injured or damaged because of the negligence of the Company or any of its employees; and claims for wrongful discharge and/or for violation of any federal, state or local law, statute, ordinance or regulation, or common law;
4. Any claim for discrimination, including but not limited to discrimination because of sex, pregnancy, race, national or ethnic origin, age, religion, creed, marital status, sexual harassment, sexual orientation, mental or physical disability or medical condition or other characteristics protected by statute;
5. Any claim of retaliation or discrimination against the Company for opposing the violation of any federal, state or local statute or ordinance, including but not limited to the Fair Labor Standards Act, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the state workers' compensation law or any "whistleblower" law; and
6. Any claim for commissions or wages.

Claims Not Covered:

This Agreement does not cover:

1. Claims for workers' compensation benefits;
2. Claims for unemployment compensation benefits;
3. Claims for benefits based upon the Company's employee welfare benefit plans if they contain a final and binding appeal procedure for the resolution of disputes under the plan; or,
4. Claims by the Company for injunctive and/or other equitable relief, including but not limited to claims to enforce a covenant not to compete or for unfair competition or use or unauthorized disclosure of trade secrets or confidential information.

Content of Arbitration Demand; Time Limits

Under this Agreement, a party wishing to submit a claim for arbitration must serve a written notice on the other which expressly:

1. States the precise nature of each claim (e.g., breach of contract, sex discrimination, etc.) for which arbitration is sought;
2. Sets forth a short and plain statement of the operative facts supporting each such claim (who, what, when, etc.); and
3. Specifically requests arbitration of the claim(s).

This notice shall be deemed served when sent to the other party by certified mail, return receipt requested, at the other party's last known address.

The written notice described herein must be mailed within the statute of limitations set by law for the claim. If the demand for arbitration is served beyond the statute of limitations, the underlying claim(s) shall be deemed waived and considered void.

Pre-Arbitration Procedures

Within 30 days after the mailing of the arbitration demand, the other party shall serve a written answer upon the party demanding arbitration, by certified mail, return receipt requested. The answer shall:

1. Admit or deny each of the facts alleged in the arbitration demand; and
2. Provide a short and plain statement of any other legally recognized defenses to the claim(s), including affirmative defenses.

After service of the answer, the parties shall promptly make a joint request to the American Arbitration Association for a panel of arbitrators. Upon receipt of the panel, the parties shall jointly select the impartial arbitrator in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association.

Either party may conduct discovery of the other by deposition, interrogatories, requests for production of documents and things, and requests for admission. Neither party, however, may require more than three oral depositions. Discovery will be conducted in accordance with the Federal Rules of Civil Procedure and will be concluded within 90 days after service of the answer to the arbitration demand. Unresolved discovery disputes will be presented to the arbitrator for final resolution.

Rules Governing the Arbitration

Any arbitration conducted pursuant to this Agreement will take place in the state where the employee is principally employed by the Company. The parties may, however, agree on an alternative location. The law of the state where the employee is principally employed by the Company will govern any substantive state *law* claims.