

WESTWOOD ONE INC /DE/

Form PRE 14A

November 09, 2007

**Table of Contents**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A  
(RULE 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**WESTWOOD ONE, INC.**

(Name of Registrant as Specified in Its Charter)  
(Name of Person(s) Filing Proxy Statement, if Other Than the Registrants)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee previously paid with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**Table of Contents**

Dear Shareholders:

Enclosed with this letter is a Proxy Statement and proxy card for the Annual Meeting of Shareholders of Westwood One, Inc. (the Company) to be held on [date] at [time], Pacific Time, in the [location]. A copy of the Company's Annual Report on Form 10-K/A for the year ended December 31, 2006, which report contains consolidated financial statements and other information of interest with respect to the Company and its shareholders is also included with this mailing. Those of you who are receiving this document as part of the annual meeting package should note that the enclosed copy of our Form 10-K/A for the year ended December 31, 2006 is being provided as our most recent annual report. Due to the time between the filing of the 10-K/A and this proxy statement, the most current information about our directors and named executive officers is contained in this proxy statement. We note however that in accordance with SEC rules, the compensation tables which appear in this proxy statement reflect compensation paid to named executive officers for fiscal year 2006. Such compensation tables have not been updated for fiscal year 2007 as such year is not yet completed.

The purpose of the Annual Meeting is to elect three directors, to ratify the appointment of the Company's independent registered public accounting firm, to approve the proposed agreements and related transactions between the Company and CBS Radio Inc. (CBS Radio) and to conduct such other business as may properly come before the meeting. At the Annual Meeting, the holders of Common Stock, voting alone, will elect one independent member of the Company's Board of Directors. Holders of Common Stock and Class B Stock, voting together, will elect two non-independent members of the Company's Board of Directors, ratify the appointment of the Company's independent registered public accounting firm, and consider and act upon such other business as may properly come before the meeting. Holders of Common Stock and Class B Stock (excluding shares held by CBS Radio and its affiliates), voting together, will vote on the proposed agreements and related transactions with CBS Radio.

**IT IS IMPORTANT THAT YOU MARK, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD IN THE PROVIDED POSTAGE-PAID ENVELOPE IF YOU DO NOT INTEND TO BE PRESENT AT THE MEETING. IF YOU DO LATER DECIDE TO ATTEND, YOUR PROXY WILL AUTOMATICALLY BE REVOKED IF YOU VOTE IN PERSON. ACCORDINGLY, YOU ARE URGED TO MARK, SIGN, DATE AND RETURN THE PROXY CARD NOW IN ORDER TO ENSURE THAT YOUR SHARES ARE REPRESENTED AT THE MEETING.**

We appreciate your continued support.

Sincerely,

WESTWOOD ONE, INC.

Norman J. Pattiz  
*Chairman of the Board*

[ ], 2007

**TABLE OF CONTENTS**

GENERAL

ABOUT THE MEETING

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

EXECUTIVE OFFICERS

COMPENSATION DISCUSSION AND ANALYSIS

SUMMARY COMPENSATION TABLE

OUTSTANDING EQUITY AWARDS AT 2006 FISCAL YEAR-END

OPTIONS EXERCISED AND STOCK VESTED

PENSION BENEFITS

NONQUALIFIED DEFERRED COMPENSATION

DIRECTOR COMPENSATION

PROPOSAL 1 ELECTION OF DIRECTORS

PROPOSAL 2 SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PROPOSAL 3 CBS TRANSACTIONS

SUMMARY

BACKGROUND, RECOMMENDATION AND REASONS

MASTER AGREEMENT

RELEASE AND ASSESSMENT OF POTENTIAL CLAIMS

OTHER NEW TRANSACTION DOCUMENTS

GLOSSARY

OTHER MATTERS

SOLICITATION

SHAREHOLDER PROPOSALS FOR 2008

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**Table of Contents**

**40 West 57<sup>th</sup> Street  
New York, NY 10019**

**Proxy Statement**

**GENERAL**

This proxy statement (first mailed to shareholders on or about [ ], 2007) is furnished in connection with the solicitation of proxies by Westwood One, Inc., a Delaware corporation (the Company or Westwood ), for use at the Annual Meeting of Shareholders of the Company to be held on [date] at [time], Pacific Time, in the [location], and any adjournments thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders.

The Company's Annual Report on Form 10-K/A for the year ended December 31, 2006, including consolidated financial statements and other information, accompanies this proxy statement but does not form a part of the proxy soliciting material.

**ABOUT THE MEETING**

**What is the purpose of the annual meeting?**

At our annual meeting, shareholders will act upon the matters outlined in the Notice of Annual Meeting of Shareholders accompanying this proxy statement, including the election of directors, the ratification of the selection of the Company's independent registered public accounting firm, the approval of the proposed agreements and related transactions with CBS Radio and such other business as may properly come before the meeting. In addition, management will report on the performance of the Company during 2006 and respond to questions from shareholders.

**Who is entitled to vote at the meeting?**

Only shareholders of record at the close of business on [date], the record date for the meeting, are entitled to receive notice of and to participate in the annual meeting. If you were a shareholder of record on that date, you will be entitled to vote all of the shares that you held on that date at the meeting, or any postponements or adjournments of the meeting. As of the record date, there were [ ] shares of Common Stock of the Company ( Common Stock ) outstanding, excluding treasury shares, and 291,796 shares of Class B Stock of the Company ( Class B Stock ) outstanding.

**What are the voting rights of holders of the Company's Common Stock and Class B Stock?**

Under the Company's certificate of incorporation, each holder of outstanding Common Stock is entitled to cast one (1) vote for each share of Common Stock held by such holder and each holder of Class B Stock is entitled to cast fifty (50) votes for each share of Class B Stock held by such holder. Only the Common Stock is publicly traded.

**Who can attend the meeting?**

All shareholders as of the record date, or their duly appointed proxies, may attend the meeting. If you attend, please note that cameras, recording devices and other electronic devices will not be permitted at the meeting.



## **Table of Contents**

Please also note that if you hold your shares in street name (that is, through a broker or other nominee), you will need to bring a copy of a brokerage statement reflecting your stock ownership as of the record date in order to gain entrance.

### **What constitutes a quorum?**

With respect to the election of the directors to be elected by the holders of the Common Stock voting alone, the presence at the meeting, in person or by proxy, of the holders of at least one-third of the shares of Common Stock outstanding on the record date and the presence at the meeting, in person or by proxy, of the holders of a majority of the aggregate voting power of the Common Stock and the Class B Stock outstanding on the record date will constitute a quorum, permitting the holders of Common Stock to take action on that matter. With respect to all other matters to be voted on at the meeting, the presence at the meeting, in person or by proxy, of the holders of a majority of the aggregate voting power of the Common Stock and the Class B Stock outstanding on the record date will constitute a quorum, permitting the shareholders to take action on those matters.

Proxies received but marked as abstentions and broker non-votes will be included in the calculation of the number of votes considered to be present at the meeting for purposes of determining a quorum.

### **How do I vote?**

If you complete and properly sign and date the accompanying proxy card and return it to the Company, it will be voted as you direct. If you are a registered shareholder and attend the meeting, you may deliver your completed proxy card in person. Street name shareholders who wish to vote at the meeting will need to obtain a proxy form from the institution that holds their shares.

### **Can I change my vote after I return my proxy card?**

Yes. Even after you have submitted your proxy, you may change your vote at any time before the proxy is exercised by filing with the Secretary of the Company either a notice of revocation or a duly executed proxy bearing a later date. In addition, the powers of the proxy holders will be suspended if you attend the meeting in person and vote, although attendance at the meeting will not by itself revoke a previously granted proxy.

### **What are the Board's recommendations?**

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board of Directors of the Company (the Board or the Board of Directors). The Board's recommendation is set forth together with the description of each item in this proxy statement. In summary, the Board recommends a vote:

**FOR** the election of the nominated directors;

**FOR** the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal 2007; and

**FOR** the approval of the proposed agreements and related transactions with CBS Radio.

Management is not aware of any matters, other than those specified above, that will be presented for action at the annual meeting, but if any other matters do properly come before the meeting, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, at their discretion.





## **Table of Contents**

### **How will the Company's relationship with CBS Radio and its affiliates change if the proposed transactions with CBS Radio (hereinafter referred to as the CBS transactions) are approved?**

If the CBS transactions are approved, as of the closing date, CBS Radio will no longer manage the Company. The Company will employ its CEO and CFO directly. CBS Radio will no longer employ the Company's CEO nor reimburse the Company for the costs related to the Company's CFO. On the closing date, directors of the Company who are employees of CBS Radio or its affiliates will resign from their director positions at the Company.

As part of the new arrangement, the Company will secure distribution of certain of its Network programming and Metro products, and all commercial inventory associated with the foregoing, to 140 CBS radio stations through March 31, 2017 (unless earlier terminated in accordance with the express terms of the agreements). The compensation payable by the Company to CBS Radio will include adjustments to compensation based on the audience delivered by each CBS radio station (in the case of Westwood One Affiliation Agreements) and its Commercial Clearance levels. The new arrangement will also clarify and better document existing practices between the Company and CBS Radio relating to the Company's use of CBS facilities, equipment, programming and trademarks in its business.

Finally, as part of the proposed CBS transactions, the Company (including its affiliates) and CBS Radio (including CBS Corporation's controlled affiliates) will mutually release each other from all potential and pre-existing claims between them, subject to certain limited exceptions which are described in more detail in Proposal 3.

### **What conditions are required to be fulfilled before the proposed CBS transactions take effect?**

The principal conditions to the CBS transactions include, among others, approval of the proposed agreements and related transactions, by the Company's shareholders (other than CBS Radio and its affiliates), a refinancing or modification of the Company's credit agreement and payment by the Company of its outstanding obligations to CBS Radio, estimated to be approximately \$12.8 million, plus an additional \$5.0 million to be paid to CBS Radio at closing.

### **What will happen if the proposed CBS transactions are not approved by the Company's shareholders?**

The Company's existing relationship with CBS Radio, including the Management Agreement, will remain in effect until March 31, 2009, at which time the Company's distribution arrangements with CBS radio stations could cease. The Company, along with the Board and the Strategic Review Committee, will continue to review and consider various strategic alternatives for the Company.

### **If approved, when will the CBS transactions become effective?**

The Company expects the CBS transactions would become effective during the first quarter of 2008, assuming satisfaction or waiver of all conditions to closing.

### **What vote is required to approve each item?**

With respect to the election of directors and the ratification of auditors, the affirmative vote of a majority of the votes entitled to be cast and represented in person or by proxy at the meeting will be required to approve each such matter. With respect to the CBS transactions, the affirmative vote of the shareholders representing a majority of the Common Stock and Class B Stock (not including stock that is beneficially owned by CBS Radio or its affiliates) represented in person or by proxy at the meeting will be required to approve the agreements and related transactions with CBS Radio. The Common Stock beneficially owned by CBS Radio or its affiliates will count towards the determination of a quorum only. Other than with respect to the election of Mr. Smith, the Common Stock and the Class B Stock vote

together as a class on all matters proposed. With respect to the election of Mr. Smith, the Common Stock votes separately as a class and the Class B Stock does not vote. A properly executed proxy marked **WITHHOLD AUTHORITY** with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum. A properly

**Table of Contents**

executed proxy marked **ABSTAIN** with respect to any such matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the effect of a negative vote.

If you hold your shares in **street name** through a broker or other nominee, your broker or nominee may not be permitted to exercise voting discretion with respect to some or all of the matters to be acted upon. Thus, if you do not give your broker or nominee specific instructions, your shares may not be voted on those matters and will not be counted in determining the number of shares necessary for approval. Shares represented by such **broker non-votes** will, however, be counted in determining whether there is a quorum.

**What is beneficial ownership?**

Beneficial ownership has been determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the **Exchange Act**). Under Rule 13d-3, certain shares may be deemed to be beneficially owned by more than one person (such as where persons share voting power or investment power). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date as of which the information is provided. In computing the percentage of ownership of any person, the amount of shares outstanding is deemed to include the amount of shares beneficially owned by such person (and only such person) by reason of such acquisition rights. As a result, the percentage of outstanding shares of any person as shown in the following table does not necessarily reflect the person's actual voting power at any particular date. The following information is based on information contained in the most recent Schedule 13D/13G filings made available to the Company.

**How much stock do the Company's 5% shareholders own?**

The following table shows the amount of the Common stock and Class B stock beneficially owned (unless otherwise indicated) by our largest shareholders (those who own more than 5% of the outstanding class of shares). For purposes of calculating the percentage ownership of each large shareholder, the Company used figures as of October 31, 2007, when there were 87,113,118 shares of Common stock outstanding and 291,796 shares of Class B stock outstanding.

Name and Address of Beneficial Owner(2)	Aggregate Number of Shares Beneficially Owned(1)			
	Common Stock		Class B Stock	
	Number	Percent	Number	Percent
CBS Radio Network Inc., a subsidiary of CBS Radio Inc. 1515 Broadway New York, NY 10036	16,000,000(3)	18.4%		
FMR Corp. 82 Devonshire Street Boston, MA 02109	9,352,100(4)	10.7%		
Hotchkis and Wiley Capital Management, LLC 725 S. Figueroa Street, 39th Floor Los Angeles, CA 90017	7,672,700(5)	8.8%		
Royce & Associates, LLC 1414 Avenue of the Americas New York, NY 10019	6,242,300(6)	7.2%		

- (1) The persons in the table have sole voting and investment power with respects to all shares of Common stock and Class B stock, unless otherwise indicated.
- (2) Tabular information for such entities is based on information contained in the most recent Schedule 13D/13G filings made available to the Company.
- (3) These shares are owned by CBS Radio Network Inc., a wholly-owned subsidiary of CBS Radio Media Corporation, which in turn is a wholly-owned subsidiary of CBS Radio Inc. ( CBS Radio ), a wholly-owned

**Table of Contents**

subsidiary of CBS Corporation, but may also be deemed to be beneficially owned by: (a) NAIRI, Inc. ( NAIRI ), which owns approximately 76.4% of CBS Corporation s voting stock, (b) NAIRI s parent corporation, National Amusements, Inc. ( NAI ), and (c) Sumner M. Redstone, who is the controlling shareholder of NAI. Such amount does not include 2,000,000 shares underlying warrants held by CBS Radio. As of December 31, 2006, CBS Radio Network Inc. has shared voting power and shared dispositive power with respect to 16,000,000 shares.

- (4) These shares are owned by Fidelity Management & Research Company ( Fidelity ), a wholly-owned subsidiary of FMR Corp., through one investment company, Fidelity Low Priced Stock Fund. As of December 31, 2006, each of Edward C. Johnson 3d and FMR Corp., through its control of Fidelity, has sole voting power with respect to 0 shares and sole dispositive power with respect to 5,053,774 shares.
- (5) As of September 10, 2007 Hotchkis and Wiley Capital Management, LLC has sole voting power with respect to 5,954,100 shares and sole dispositive power with respect to 9,352,100 shares.
- (6) As of December 31, 2006 Royce & Associates, LLC has sole voting power with respect to 6,242,300 shares and sole dispositive power with respect to 6,242,300 shares.

**How much stock does the Company s management, specifically named executive officers and directors officers own?**

The following table shows the amount of the Common stock and Class B stock beneficially owned (unless otherwise indicated) by members of our management team, which include the current executive officers named in the Summary Compensation Table (the named executive officers ), our directors, and our directors and named executive officers as a group. For purposes of calculating the percentage ownership of each such individual, the Company used figures as of October 31, 2007, when there were 87,113,118 shares of Common stock outstanding and 291,796 shares of Class B stock outstanding. All numbers presented below include all shares which would be vested on, or exercisable by, a holder as of December 31, 2007, as beneficial ownership is deemed to include securities that a holder has the right to acquire within 60 days. As described elsewhere in this proxy statement, a holder of restricted stock only (i.e., not RSUs) is entitled to vote the restricted shares once it has been awarded such shares. Accordingly, all restricted shares that have been awarded, whether or not vested, are reported in this table of beneficial ownership, even though a holder will not receive such shares until vesting. This is not the case with RSUs or stock options which are not deemed beneficially owned until vesting.

Name of Beneficial Owner	Aggregate Number of Shares Beneficially Owned(1)			
	Common Stock		Class B Stock	
	Number	Percent	Number	Percent
<b>NAMED EXECUTIVE OFFICERS:</b>				
Norman J. Pattiz(2)	898,127	*	291,710	99.9%
Peter Kosann(3)	367,856	*		
Andrew Zaref(4)(10)	13,186	*		
Gary J. Yusko (10)(11)	65,000	*		
David Hillman(5)	105,736	*		
Paul Gregrey(6)	206,730	*		
<b>DIRECTORS AND NOMINEES:(7)</b>				
Walter Berger		*		
Albert Carnesale(8)	3,875	*		
David L. Dennis(9)	182,085	*		
Gerald Greenberg(9)	50,000	*		

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Grant F. Little, III(8)	8,385	*		
H. Melvin Ming(8)	6,682	*		
Joseph B. Smith(9)	80,875	*		
All Current Directors and Executive Officers as a Group (13 persons)	1,923,537	2.2%	291,710	99.9%

**Table of Contents**

\*Represents less than 1% of the Company's outstanding shares of Common stock.

- (1) The persons in the table have sole voting and investment power with respects to all shares of Common stock and Class B stock, unless otherwise indicated. The numbers presented above do not include unvested and/or deferred RSUs which have no voting rights until shares are distributed in accordance with their terms. All dividend equivalents on vested RSUs and shares of restricted stock (both vested and unvested) are included in the numbers reported above.
- (2) Includes vested and unexercised stock options for 445,333 shares granted under the Company 1989 Stock Incentive Plan (the 1989 Plan ) and the Company 1999 Stock Incentive Plan (the 1999 Plan ). Includes 2,794 vested RSUs (including dividend equivalents) granted under the 2005 Plan. Also includes 450,000 Common stock shares pledged by Mr. Pattiz to Merrill, Lynch, Pierce, Fenner & Smith Incorporated ( Merrill Lynch ) in connection with a prepaid variable forward contract (the Merrill Contract ) Mr. Pattiz entered into on September 27, 2004 with Merrill Lynch. Under the Merrill Contract, in exchange for a lump-sum cash payment of \$7,182,000, Mr. Pattiz agreed to deliver upon the earlier of September 2009 or the termination of the Merrill Contract, a pre-determined number of shares of Company Common stock pursuant to formulas set forth in the Merrill Contract. Mr. Pattiz may also settle the amount in cash. When Mr. Pattiz entered into the Merrill Contract in September 2004, he converted 411,670 of his shares of Class B stock into Common stock and pledged the aforementioned 450,000 shares of Company Common stock. Because each share of Class B stock has 50 votes, as opposed to one vote for each share of Common stock, Mr. Pattiz's stock holdings represent 15.2% of the total voting power of the Company.
- (3) Includes 315,250 vested and unexercised options granted under the 1999 Plan and Westwood One, Inc. 2005 Equity Compensation Plan (the 2005 Plan ). Includes 10,818 vested RSUs (including dividend equivalents) and 41,788 shares of restricted stock (vested and unvested, including dividend equivalents) granted under the 2005 Plan.
- (4) Includes 6,491 vested RSUs (including dividend equivalents) and 6,373 shares of restricted stock (vested and unvested, including dividend equivalents) granted under the 2005 Plan. Includes 322 shares of Common stock held in the Company 401(k) account. Mr. Zaref forfeited his vested and unexercised options and his unvested RSUs and shares of restricted stock in connection with the termination of his employment as of July 12, 2007.
- (5) Includes 56,825 vested and unexercised options granted under the 1999 Plan and 2005 Plan and 48,416 shares of restricted stock (vested and unvested, including dividend equivalents) granted under the 2005 Plan. Includes 495 shares of Common stock held in the Company 401(k) account.
- (6) Includes 155,000 vested and unexercised options granted under the 1999 Plan and 2005 Plan and 50,833 shares of restricted stock (vested and unvested, including dividend equivalents) granted under the 2005 Plan. Includes 897 shares of Common stock held in the Company 401(k) account.
- (7) Does not include Norman J. Pattiz and Peter Kosann, who are also named executive officers and listed with the other named executive officers.
- (8) Represents vested RSUs granted under the 2005 Plan. Does not include deferred and/or unvested RSUs which have no voting rights until shares are distributed in accordance with their terms.
- (9) Represents 129,000 (Dennis), 50,000 (Greenberg) and 77,000 (Smith) vested and unexercised stock options granted under the 1989 Plan, the 1999 Plan and/or the 2005 Plan. Includes 3,875 vested RSUs (including dividend equivalents) granted under the 2005 Plan for each of Messrs. Dennis and Smith. Does not include deferred and/or unvested RSUs which have no voting rights until shares are distributed in accordance with their terms.
- (10) As noted elsewhere in this proxy statement, Mr. Zaref's employment with the Company was terminated on July 12, 2007 and Mr. Yusko became the Company's CFO on July 16, 2007.
- (11) Includes 65,000 shares of restricted stock (vested and unvested, including dividend equivalents) granted under the 2005 Plan.



**How is the Board of Directors structured and what are the terms for each class of directors?**

The Board of Directors is divided into three classes (Class I, II, and III), each class serving for three-year terms, which terms are staggered. The Board of Directors currently is comprised of nine individuals. Only one class of directors is elected at each annual meeting. The Company's certificate of incorporation provides that at least 33 1/3% of directors must be independent outside directors. Such independent directors are elected by holders of Common Stock voting alone as a class. Pursuant to the Company's certificate of incorporation, holders of Common Stock, voting alone,

## **Table of Contents**

have the right to elect 20% of the Board of Directors, which is currently three directors. The independent directors will be elected each year, as set forth below. The remaining members of the Board are elected by all shareholders voting together as a single class.

### **How many Board members are Independent under the listing standards of the New York Stock Exchange?**

Pursuant to our Corporate Governance Guidelines, a copy of which is available on our website ([www.westwoodone.com](http://www.westwoodone.com) under the caption Investor Relations ), the Board of Directors is required to affirmatively determine that a majority of the directors is independent under the listing standards of the New York Stock Exchange (the NYSE ). In accordance with the Guidelines, the Board of Directors undertakes an annual review of director independence. During this review, the Board considers all transactions and relationships between each director or any member of his immediate family and the Company and its affiliates. The purpose of this review is to determine whether any such relationships or transactions is considered a material relationship that would be inconsistent with a determination that a director is independent. The Board has not adopted any categorical standards for assessing independence, preferring instead to consider and disclose existing relationships with the non-management directors and the Company. The Board observes all criteria for independence established by the NYSE and other governing laws and regulations.

As a result of this review, the Board of Directors affirmatively determined that six directors are independent under the listing standards of the NYSE. The independent directors are Messrs. Carnesale, Dennis, Greenberg, Little, Ming and Smith. In determining that these six directors are independent, the Board reviewed the NYSE corporate governance rules.

### **How does the Board select nominees for the Board?**

The Nominating and Governance Committee, which consists solely of independent directors, considers candidates for Board membership suggested by its members and other Board members, as well as management and shareholders, as stated in its Charter. While the Nominating and Governance Committee does not have a formal policy by which shareholder may recommend potential director candidates, a shareholder who wishes to recommend a prospective nominee for the Board should notify the Company's Secretary or any member of the Nominating and Governance Committee by mail and include supporting materials the shareholder considers relevant to the potential candidate's qualifications. Any correspondence mailed to the Company should include a clear and prominent notation that such contains a Director Recommendation and confirm the author is a shareholder. At a minimum, any shareholder nominee for director must satisfy the independence requirements of the New York Stock Exchange and possess the desired characteristics set forth in the Company's Corporate Governance Guidelines.

Once a prospective nominee has been identified, the Nominating and Governance Committee, either with or without Board input, determines whether to conduct a full evaluation of the candidate. The preliminary determination is primarily based on the need for additional Board members to fill vacancies or to expand the size of the Board as well as a result of its review of the composition of the Board in light of the characteristics of independence, diversity, age, skills, experience, availability of service to Westwood One and other Board needs, including but not limited to audit committee financial expertise. After completing their evaluation, the Nominating and Governance Committee makes a recommendation to the full Board as to who should be nominated and the Board determines the nominee.

When identifying and/or recommending individuals to the Board for Board membership, the Nominating and Governance Committee is guided by the principle that such nominees should be individuals of accomplishment in their careers. Directors should exhibit the ability to make independent, analytical inquiries and demonstrate practical wisdom and mature judgment. The Nominating and Governance Committee strives to ensure directors possess the highest personal and professional ethics, integrity and values and will be committed to promoting the Company's

long-term interests. The Nominating and Governance Committee places a premium on individuals who have demonstrated expertise or experience with fields of interest which would further the Company's business objectives, areas such as technology, advertising, college sports or weather programming. From time to time during the review and/or nomination process, the Nominating and Governance Committee will consult with outside directors and Company management and obtain feedback on their thoughts regarding potential candidates.

**Table of Contents****Who are the current Board members, what Board Committees do they serve on and what are their backgrounds and qualifications?**

The directors and nominees for director of the Company are listed below, including their length of service, the committees on which they serve and their ages as of December 31, 2007. As described throughout this proxy statement, the CBS employees who are directors, namely Messrs. Berger and Kosann, will resign from the Board upon the closing of the CBS transactions, when and if such occurs.

Name (I = Independent)	Age	Director Since	Class	Term Expires	Audit Committee	Committee Assignments		
						Compensation Committee	Nominating and Governance Committee	Strategic Review Committee
Walter Berger	52	2006	II	2009				
Albert Carnesale(I)	71	2005	II	2009			*	*
David L. Dennis(I)	59	1994	II	2009		*	**	**
Gerald Greenberg(I)	65	1994	III	2008	*	**	*	*
Peter Kosann	37	2006	I	2007				
Grant F. Little, III(I)	42	2006	II	2009	**			*
H. Melvin Ming(I)	63	2006	III	2008	*			*
Norman J. Pattiz	64	1974	I	2007				
Joseph B. Smith(I)	79	1994	I	2007		*		*

\*Member

\*\*Chair

The principal occupations and professional background of the nine directors, including the three director nominees (Messrs. Kosann, Pattiz and Smith), are as follows:

**Mr. Berger** has been a director of the Company since April 4, 2006. Mr. Berger has been the Executive Vice President and Chief Financial Officer of CBS Radio since January 2006. Mr. Berger was the Executive Vice President, Chief Financial Officer, and a member of the Board of Directors of Emmis Communications Corporation from 1999 to 2005. Prior to Emmis, Mr. Berger served as Group President of the Energy Marketing Division for LG&E Energy Corporation, where he previously served as Executive Vice President and Chief Financial Officer. Mr. Berger is a cum laude graduate of the University of Massachusetts, Amherst, with a degree in business administration. He is also a CPA who serves on numerous civic boards and committees.

**Dr. Carnesale** has been a director of the Company since August 3, 2005. Dr. Carnesale is Chancellor Emeritus and Professor at the University of California, Los Angeles (UCLA). He served as Chancellor of UCLA from July 1, 1997 through June 20, 2006. Prior to joining UCLA, Dr. Carnesale served for 23 years as Professor of Public Policy and Administration at Harvard University's John F. Kennedy School of Government. During that period, Dr. Carnesale also served as Provost of the University (October 1994 – June 1997) and Dean of the Kennedy School (November 1991 – December 1995). Dr. Carnesale is a director of Teradyne, Inc.

**Mr. Dennis** has been a director of the Company since May 24, 1994. Mr. Dennis has been a Managing Director of Pacific Venture Group, a healthcare venture capital firm, since November 2004. Mr. Dennis was a private investor and

consultant from December 2002 to November 2004. Mr. Dennis served as Vice Chairman, Co-President, Chief Corporate Officer and Chief Financial Officer of Tenet Healthcare, a hospital owner and healthcare provider, from March 2000 through November 2002. Mr. Dennis served as Managing Director, Investment Banking for Donaldson, Lufkin & Jenrette Securities Corporation from April 1989 to February 2000.

**Mr. Greenberg** has been a director of the Company since May 24, 1994. Since February 2001, Mr. Greenberg has been President of Mirage Music Entertainment, a company which owns the Mirage Record label. From April 1993 to January 2001, Mr. Greenberg served as President of MJJ Music, a Michael Jackson/Sony owned record label.

## **Table of Contents**

**Mr. Kosann** was appointed to the Board of Directors of the Company on January 1, 2006, when he became President and Chief Executive Officer of the Company. Prior to such time, Mr. Kosann was President, Sales of the Company since May 2003 and Co-Chief Operating Officer since April 2005. Mr. Kosann was the Company's Executive Vice President Network Advertising Sales from January 2001 to May 2003; Senior Vice President Affiliate Sales and New Media from December 1999 to January 2001 and Vice President Affiliate Sales from May 1999 to December 1999. Mr. Kosann was employed by Bloomberg Financial Markets from November 1992 to May 1999 in several media sales and business development capacities.

**Mr. Little** has been a director of the Company since March 14, 2006. Mr. Little is the Chief Executive Officer and Founder of Hudson Advisory Partners ( Hudson ). Founded in August 2005, Hudson assists companies and entrepreneurs on business and capital strategy with a long-term orientation and alignment of interests. Prior to Hudson, Mr. Little spent thirteen years (1987-2000) with Donaldson, Lufkin & Jenrette Securities Corporation in its investment banking division, until it was acquired by Credit Suisse First Boston ( CSFB ) in late 2000. Mr. Little was a Managing Director in the Investment Banking Division of CSFB based in Los Angeles from late 2000 to August 2005. He served as a consultant to CSFB until December 2005. During his investment banking career, Mr. Little worked with companies in various stages of development (start-up, high-growth, mature and restructuring), executed a multitude of products (e.g., capital raising including debt and equity in public and private markets, buy and sell-side M&A and restructurings) and worked with companies in a variety of industries (e.g., retail, manufacturing, healthcare, real estate, gaming and media) in executing their capital strategies.

**Mr. Ming** has been a director of the Company since July 7, 2006. Since October 2002, Mr. Ming has been the Chief Operating Officer of Sesame Workshop, the producers of Sesame Street and other children's educational media. Mr. Ming joined Sesame Workshop in 1999 as the Chief Financial Officer. Prior to joining Sesame Workshop, Mr. Ming was the Chief Financial Officer of the Museum of Television and Radio in New York from 1997 to 1999; Chief Operating Officer at WQED in Pittsburgh from 1994-1996; and Chief Financial Officer and Chief Administrative Officer at Thirteen/WNET New York from 1984 to 1994. Mr. Ming is a CPA and graduated from Temple University in Philadelphia, PA.

**Mr. Pattiz** founded the Company in 1974 and has held the position of Chairman of the Board since that time. He also was the Company's Chief Executive Officer until February 3, 1994. From May 2000 to March 2006, Mr. Pattiz served on the Broadcasting Board of Governors (BBG) of the United States of America, which oversees all U.S. non-military international broadcast services. As chairman of BBG's Middle East Committee, Mr. Pattiz was the driving force behind the creation of Radio Sawa and Alhurra Television, the U.S. Government's Arabic-language radio and TV services to the 22 countries of the Middle East. Mr. Pattiz has served as a Regent of the University of California since September 2001, and chairs the Regents Oversight Committee of the Department of Energy Laboratories. He also serves on the Board of the Annenberg School of Communication at the University of Southern California, the Board of Trustees of the Museum of Television & Radio and is past president of the Broadcast Education Association. He is a member of the Council on Foreign Relations and the Pacific Council on International Policy.

**Mr. Smith** has been a director of the Company since May 24, 1994. He was previously a director of the Company from February 1984 until February 3, 1994. Since April 1993, Mr. Smith has been the President of Unison Productions, Inc., through which he serves as an industry consultant involved in a number of projects in the entertainment business.

### **What committees has the Board established and what are the roles of the Committees?**

The Board of Directors has an Audit Committee, Compensation Committee and Nominating and Governance Committee. The Board has adopted a written charter for each of the committees. The full text of each such charter and the Company's Corporate Governance guidelines are available on the Company's website at [www.westwoodone.com](http://www.westwoodone.com)

and are available in print free of charge to any shareholder upon request. Committee membership is composed entirely of non-employee, independent members of the Board of Directors, such determination of independence having been made pursuant to NYSE listing standards. Under their respective charters, each of these committees is authorized and assured of appropriate funding to retain and consult with external advisors, consultants and counsel.

## **Table of Contents**

### *The Audit Committee*

The current members of the Audit Committee are Messrs. Little (Chair), Greenberg and Ming. Mr. Smith served as a member of the Audit Committee during fiscal year 2006 until his resignation on September 13, 2007. Pursuant to the Sarbanes-Oxley Act of 2002 ( SOX ) and the NYSE listing standards, Messrs. Greenberg, Little and Ming meet the requirements of independence proscribed thereunder. In addition, the Board has determined that Mr. Little is an audit committee financial expert pursuant to SOX and the NYSE listing standards. For further information concerning Mr. Little s qualifications as audit committee financial expert, see Who are the current Board members, what Board Committees do they serve on and what are their backgrounds and qualifications? above.

The Audit Committee is responsible for, among other things, the appointment, compensation, retention and oversight of the Company s independent auditor; reviewing with the independent auditor the scope of the audit plan and audit fees; and reviewing the Company s financial statements and related disclosures. The Audit Committee meets separately with senior management of the Company, the Company s General Counsel, the Company s internal auditor and its independent auditor on a regular basis. For additional information on the Audit Committee s role and its oversight of the independent auditor during 2006, see Report of the Audit Committee. There were eight meetings of the Audit Committee in 2006.

### *The Compensation Committee*

The current members of the Compensation Committee are Messrs. Greenberg (Chair), Dennis and Smith. Each member of the Compensation Committee meets the independence requirements of the NYSE. The Compensation Committee establishes, oversees and recommends to the Board the implementation of overall compensation policies for senior executive officers as well as for compensation provided to officers pursuant to the Management Agreement and the Chairman of the Board; reviews and approves corporate goals and objectives relative to the compensation of senior executive officers; reviews the results of and procedures for the evaluation of other executive officers by the Chief Executive Officer; at the direction of the Board, establishes compensation for the Company s non-employee directors; and oversees the administration of all qualified and non-qualified employee compensation and benefit plans, including the stock incentive plans. There were seven meetings of the Compensation Committee in 2006.

### *The Nominating and Governance Committee*

The current members of the Nominating and Governance Committee are Messrs. Dennis (Chair), Carnesale and Greenberg. Each member of the Nominating and Governance Committee meets the independence requirements of the NYSE. The Nominating and Governance Committee is responsible for overseeing the development and implementation of the Company s policies and practices with regard to corporate governance. The Nominating and Governance Committee is charged with recommending possible qualified candidates to the Board for election as directors of the Company and to recommend a slate of directors that the Board proposes for election by shareholders at the annual meeting. The Nominating and Governance Committee will also consider, at meetings of the Nominating and Governance Committee, those recommendations by shareholders which are submitted, along with biographical and business experience information, to the Nominating and Governance Committee at the Company s principal executive office. There were two meetings of the Nominating and Governance Committee in 2006.

The Board may from time to time, establish or maintain additional committees as necessary or appropriate.

### **How often did the Board meet during 2006?**

The Board met eight times during 2006. Each director attended more than 75% of the total number of meetings of the Board and Committees on which he or she served. The Board also meets in non-management executive sessions and



has selected Mr. Dennis as presiding director for the non-management executive sessions. All directors are expected to attend the Company's Annual Meeting of Shareholders, and 9 of the 11 then-current directors were present at the 2006 Annual Meeting of Shareholders. The Company does not have a written policy with regard to attendance of directors at the Annual Meeting of Shareholders.

**Table of Contents**

**Does the Company have a Code of Ethics?**

The Company has a written policy entitled Code of Ethics that is applicable to all employees, officers and directors of the Company. In addition to its Code of Ethics, the Company has a Supplemental Code of Ethics for its Chief Executive Officer and Chief Financial Officer. Both the Code of Ethics and the Supplemental Code of Ethics are available on the Company's website ([www.westwoodone.com](http://www.westwoodone.com)) and are available in print at no cost to any shareholder upon request.

**How can shareholders and/or other interested parties communicate with directors, as a group or individually?**

The Board has established a process for shareholders and/or other interested parties to communicate with Board members by email or regular mail. Shareholders and/or other interested parties may contact any of the directors, as a group (*e.g.*, particular Board committee or non-management directors only) or individually (*e.g.*, the presiding director of the non-management directors only), by regular mail by sending correspondence to Westwood One, Inc., 40 West 57th Street, 15th Floor, New York, NY 10019. Any envelope mailed to the Company should include a clear and prominent notation stating to whom the letter enclosed in the envelope is to be forwarded (*i.e.*, non-management directors, as a group or individually, or to the directors, as a group or individually or to the presiding director of the non-management directors). Shareholders and/or other interested parties may also contact directors and non-management directors by sending an e-mail to [dir@westwoodone.com](mailto:dir@westwoodone.com), or to [nonmanagdir@westwoodone.com](mailto:nonmanagdir@westwoodone.com), respectively. All correspondence is reviewed by the Office of the General Counsel prior to its being distributed to the parties indicated on such correspondence.

**Table of Contents**

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

**What is the Company's policy and/or procedure for the review, approval or ratification of related party transactions?**

While the Company does not have a written policy outlining such, it is the Company's practice to review all transactions with its related parties (referred to herein as "related party transactions") as they arise. Related parties are identified by the finance, accounts payable and legal departments, who, among other things, review questionnaires submitted to the Company's directors and officers on an annual basis, monitor Schedule 13Ds and 13Gs filed with the SEC, review employee certifications regarding code of ethics and business conduct which are updated annually, and review CBS Radio's listings of affiliates which CBS Radio submits to the Company or files with the SEC. Any related party transaction is reviewed by either the Office of the General Counsel or Chief Financial Officer, who examines, among other things, the approximate dollar value of the transaction and the material facts surrounding the related party's interest in, or relationship to, the related party transaction. With respect to related party transactions that involve an independent director, such parties also consider whether such transaction affects the independence of such director pursuant to applicable rules and regulations, including those of the NYSE and the Company's corporate governance rules. Customarily, the Chief Financial Officer must approve any related party transaction, however, if after consultation, the General Counsel and Chief Financial Officer determine a related party transaction is significant, the transaction is then referred to the Board for its review and approval.

While the foregoing procedures are not in writing, the Company does have written procedures regarding transactions with its manager, CBS Radio, as set forth in the Management Agreement between the Company and CBS Radio (the "Management Agreement"), which agreement describes the terms and conditions by which CBS Radio manages the business and operations of the Company. Under the terms of the Management Agreement, all transactions (other than the Management Agreement and Representation Agreement (as described below), which agreements were ratified by the Company's shareholders) between the Company and CBS Radio or its affiliates must be on a basis that is at least as favorable to the Company as if the transaction were entered into with an independent third party. In addition, subject to specified exceptions, all agreements between the Company and CBS Radio or any of its affiliates must be approved by the Company's Board. Such exceptions include, among others, new or special programming agreements not requiring compensation; the renewal of existing agreements on the same or better terms or affiliation agreements involving compensation terms consistent with those of non-affiliates of CBS Radio involving annual payments of less than \$500,000. If the CBS transactions are consummated, the Management Agreement will terminate.

**Did the Company participate in any related party transactions in 2006, or does the Company contemplate being a participant in any related party transaction in 2007?**

Except for the transactions with CBS Radio described below, the Company is not aware of any transaction entered into in 2006, or any transaction currently proposed, in which a related person has, or will have, a direct or indirect material interest. As indicated elsewhere in this proxy statement, one of the Company's directors, Mr. Berger, is an officer of CBS Radio and, pursuant to the terms of the Management Agreement, the Company's CEO is an employee of CBS Radio. As of October 31, 2007, CBS Radio beneficially owned 18.4% of the Common stock of the Company.

Through the Management Agreement, CBS Radio currently provides to the Company the services of a chief executive officer and a chief financial officer. The Management Agreement was entered into in March 1999 and was subsequently amended to, among other things, extend the Management Agreement until March 31, 2009. Pursuant to the Management Agreement, the Company is obligated to pay to CBS Radio an annual base fee (which base fee is \$3,000,000, effective April 1, 2004) subject to an annual increase by a percentage amount equal to the increase based on a specified consumer price index. The expense associated with the Management Agreement in 2006 was

approximately \$3,273,000.

In addition, the Company pays to CBS Radio incentive bonus compensation in an amount equal to 10% of the amount by which the Company's operating cash flow exceeds a target amount for the applicable year, subject to certain adjustments. The Company must also reimburse CBS Radio for certain out-of-pocket expenses incurred by CBS Radio in performing the services contemplated by the Management Agreement consistent with past practice. CBS Radio did not earn an incentive bonus in fiscal 2006 as targeted cash flow levels were not achieved. As additional compensation to CBS Radio under the Management Agreement, CBS Radio was granted seven warrants to purchase an aggregate

## **Table of Contents**

4,500,000 shares of the Company's Common stock (comprised of two warrants to purchase 1,000,000 Common stock shares per warrant and five warrants to purchase 500,000 Common stock shares per warrant). Of the seven warrants issued, the two one million share warrants have an exercise price of \$43.11 and \$48.36, respectively, and become exercisable if (A) if the average price of the Company's Common stock reaches a price of \$64.67 and \$77.38, respectively, for at least 20 out of 30 consecutive trading days for any period throughout the ten year term of the warrants or (B) upon the termination of the Management Agreement by the Company in certain circumstances as described in the terms of such warrants.

The exercise price for each of the five remaining warrants is equal to \$38.87, \$44.70, \$51.40, \$59.11 and \$67.98, respectively. These warrants each have a term of 10 years and become exercisable on January 2, 2005, 2006, 2007, 2008, and 2009, respectively, subject to a trading price condition. The trading price condition specifies the average price of the Company's Common stock for each of the 15 trading days prior to January 2 of the applicable year (commencing on January 2, 2005 with respect to the first 500,000 warrant tranche and each January 2 thereafter for each of the remaining four warrants) must be at least equal to both the exercise price of the warrant and 120% of the corresponding prior year 15 day trading average. In the case of the \$38.87 warrants, the \$44.70 warrants and the \$51.40 warrants, respectively, the Company's average stock price for the 15 trading days prior to January 2, 2005, January 2, 2006 and January 2, 2007, respectively, did not equal or exceed the requisite target price, and, therefore, such warrants did not become exercisable.

The Company and CBS Radio also have entered into a registration rights agreement with respect to the shares of Common stock issuable upon exercise of the warrants pursuant to which the Company granted to CBS Radio specified demand and registration rights.

The Company has a Representation Agreement with CBS Radio to operate the CBS Radio Networks until March 31, 2009. The Company retains all revenue and is responsible for all expenses of the CBS Radio Networks. In addition, a number of CBS Radio's radio stations are affiliated with the Company's radio networks and the Company purchases several programs from CBS Radio. During 2006, the Company incurred expenses aggregating approximately \$69,103,000 under the Representation Agreement and for CBS Radio affiliations and programs (not giving effect to expenses incurred as a result of the Company's agreements with Viacom Inc. and/or its non-CBS affiliates).

In addition to the foregoing, CBS Radio enters into other agreements with the Company in the ordinary course to purchase programming rights and affiliate stations with the Company's network and traffic operations.

As discussed elsewhere in this proxy statement, the Company has executed agreements with CBS Radio which would cease CBS Radio's management of the Company. If approved and provided the other conditions to effectiveness are satisfied, the Management Agreement and Representation Agreement would be terminated, and the warrants described above would be cancelled. In addition, the Company and CBS Radio would enter into a new registration rights agreement with respect to shares of the Company's Common stock owned by CBS Radio and its affiliates.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires the Company's executive officers and directors and persons who own more than ten percent of a registered class of the Company's equity securities to file reports of ownership and changes in ownership with the SEC. Officers, directors and more than ten percent shareholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of such forms received by it, or written representations from its directors and executive officers, the Company believes that during 2006 its executive officers, directors and more than ten percent beneficial owners complied with all SEC filing requirements applicable to them.



## **Table of Contents**

### **Report of the Audit Committee**

The Audit Committee operates pursuant to its Charter, which was revised and approved by the Board of Directors and is available on the Company's website (www.westwoodone.com). The Charter, which complies with applicable SEC regulations, and NYSE rules, addresses five broad areas of responsibility of the Audit Committee:

- 1) Reviewing and discussing the preparation of quarterly and annual financial reports with the Company's management and its independent registered public accounting firm;
- 2) Supervising the relationship between the Company and its independent registered public accounting firm, including discussing the matters required by Statement on Auditing Standards No. 61, as amended, Communication with Audit Committees ( SAS 61 ) and PCAOB Auditing Standard No. 2 An Audit of Internal Control Over Financial Reporting Performed in Conjunction with an Audit of Financial Statements (as revised by Auditing Standard No. 5, PCAOB 2 ) with its independent registered public accounting firm, evaluating the independence of the auditors in accordance with Independence Standards Board Standard No. 1, as amended Independence Discussions with Audit Committees, and recommending their appointment or removal and reviewing the scope of their audit and non-audit services and related fees;
- 3) Overseeing management's implementation of effective systems of internal controls;
- 4) Reviewing and approving the internal corporate audit staff functions; and
- 5) Reviewing and investigating any matters pertaining to the integrity of management, including conflicts of interest, or adherence to standards of business conduct.

The Audit Committee has reviewed and discussed, with both management and its independent registered public accounting firm, all financial statements prior to their filing with the SEC. Management advised the Audit Committee in each case that all financial statements were prepared in accordance with generally accepted accounting principles, and reviewed significant issues with the Audit Committee. The Audit Committee also held discussions with the Company's independent registered public accounting firm concerning the matters required to be discussed by SAS 61, PCAOB 2 and other PCAOB and SEC regulations as such may be modified or supplemented. The Audit Committee also met separately as a group to discuss the matters contained in this report.

The Audit Committee appointed PricewaterhouseCoopers LLP ( PWC ) as the Company's independent registered public accounting firm for the year ended December 31, 2007 and reviewed with the Company's financial managers, the independent registered public accounting firm and the director of internal audit, PWC's overall audit scopes and plans.

The Audit Committee also discussed with PWC their independence and received from PWC the written disclosures and the letter from PWC required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees). In addition, the Audit Committee pre-approved PWC's audit and audit related fees and has determined that the provision of non-audit services by PWC is compatible with maintaining their independence.

The Audit Committee also has discussed with the Company's independent registered public accounting firm, with and without management present, their recommendations regarding the Company's internal accounting controls and the overall quality of the Company's financial reporting and disclosures.

The Audit Committee frequently met in private session separately with the senior members of the Company, CBIZ Harborview (the Company's director of internal audit), the Company's General Counsel and the Company's independent registered public accounting firm. Based on its reviews and discussions referred to above, the Audit Committee

recommended to the Board of Directors that it approve the inclusion of the Company's audited financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2006 filed with the SEC. The Audit Committee also recommended to the Board the approval of the Company's independent registered public accounting firm for the year ending December 31, 2007.



**Table of Contents****Fees to Independent Registered Public Accounting Firm**

The following table presents fees billed for fiscal years 2006 and 2005 for professional services rendered by PricewaterhouseCoopers LLP for the audit of the Company's financial statements for fiscal years 2006 and 2005 as well as fees billed for audit-related services, tax services and all other services rendered by PricewaterhouseCoopers LLP for 2006 and 2005.

(in thousands)	2006	2005
(1) Audit Fees	\$1,000	\$646
(2) Audit-Related Fees		
(3) Tax Fees		
(4) All Other Fees		

**Audit Committee Pre-Approval Policies and Procedures**

All services provided to the Company by PricewaterhouseCoopers LLP in 2006 were pre-approved by the Audit Committee. Under the Company's pre-approval policies and procedures, the Chair of the Audit Committee is authorized to pre-approve the engagement of PricewaterhouseCoopers LLP to provide certain specified audit and non-audit services, and the engagement of any accounting firm to provide certain specified audit services.

**Submitted by the Audit Committee**

Grant F. Little, III, Chair of the Audit Committee  
 Gerald Greenberg  
 H. Melvin Ming

**Table of Contents****EXECUTIVE OFFICERS**

The following is a list of the Company's Chief (Principal) Executive Officer, Chief (Principal) Financial Officer, and the three most highly compensated of the Company's executive officers (excluding the CEO and CFO) using the SEC's methodology for determining total compensation for 2006. Such individuals are referred to in this proxy statement as the Company's named executive officers (or NEOs) for 2006, to whom the Compensation Discussion and Analysis appearing below relates. As previously noted, on July 12, 2007, Mr. Zaref's employment with the Company was terminated and on July 16, 2007, Gary J. Yusko became the Company's Chief Financial Officer and Principal Accounting Officer, making him a named executive officer for fiscal year 2007. Additionally, on July 10, 2007, Mr. Hillman became the Company's Chief Administrative Officer, in addition to the position listed below. As previously disclosed in a Form 8-K filed with the SEC on July 16, 2007, Mr. Kosann will continue to serve as President and CEO until the earlier of: (i) the closing of the proposed CBS transactions (but no earlier than December 31, 2007); or (ii) the day after the last day on which the Company files its Annual Report on Form 10-K for the year ended 2007 (but no later than March 18, 2008).

<b>Named Executive Officer</b>	<b>Position</b>
Norman J. Pattiz	Chairman of the Board
Peter Kosann	Chief Executive Officer and President
Andrew Zaref	Executive Vice President and Chief Financial Officer (through July 12, 2007)
David Hillman	Executive Vice President, Business Affairs and General Counsel (also, Chief Administrative Officer as of July 10, 2007)
Paul Gregrey	Executive Vice President, Sales, Network Division

The professional background of the named executive officers for fiscal year 2006 who are not also directors of the Company follows:

**Andrew Zaref (Mr. Zaref's employment with the Company ceased on July 12, 2007)**

Andrew Zaref (age 41) serves as the Company's Executive Vice President and Chief Financial Officer and is responsible for the Company's financial affairs. Prior to joining the Company in such position in January 2004, Mr. Zaref served as an Audit Partner in the Information, Communications and Entertainment practice of KPMG LLP. While at KPMG, Mr. Zaref played a key role in advising numerous high profile media and technology clients. Mr. Zaref is a CPA licensed in New York State.

**David Hillman**

David Hillman (age 38) serves as the Company's Executive Vice President, Business Affairs and General Counsel and as of July 10, 2007, the Company's Chief Administrative Officer. Mr. Hillman joined the Company in June 2000 as Vice President, Labor Relations and Associate General Counsel, which positions he held through September 2004, and thereafter became Senior Vice President, General Counsel in October 2004. He became an Executive Vice

President in February 2006.

**Paul Gregrey**

Paul Gregrey (age 47) serves as the Company's Executive Vice President, Sales, Network Division, a position he has held since May 2003. Mr. Gregrey joined the Company in 1999 as a Vice President in the Network, Western Sales division in Los Angeles and from June 2000 to May 2003, served as a Senior Vice President in the Network, Eastern Sales division in New York.

There is no family relationship between any Company director and named executive officer.

## **Table of Contents**

As indicated above, although not a named executive officer for fiscal year 2006, on July 16, 2007, Gary J. Yusko became the Company's Chief Financial Officer and Principal Accounting Officer, making him a named executive officer for fiscal year 2007. Accordingly, his biography is set forth below:

### **Gary Yusko**

Gary Yusko (age 52) serves as the Company's Chief Financial Officer and Principal Accounting Officer and is responsible for the Company's financial affairs. Prior to re-joining the Company in July 2007, Mr. Yusko was the CFO of Alloy, Inc., a provider of non-traditional media programs researching targeted consumer segments, a position he held since March 2006. Mr. Yusko also held the position of Senior Vice President Finance for Intralinks, Inc., a virtual workspace provider, from August 2005 through March 2006. Prior to that time, Mr. Yusko served in various executive positions for the Company for over 20 years, most recently as the Company's EVP of Financial Operations in 2004 and Senior Vice President Financial Operations from 1987 to the end of 2003. During such period, Mr. Yusko also served as the Company's Secretary and Assistant Treasurer.

## **COMPENSATION DISCUSSION AND ANALYSIS**

The following narrative is a description of how the Company determines compensation for its named executive officers (referred to as NEOs or executives below), including the elements of their compensation and how the levels of their compensation are determined and by whom. This description will help further explain the disclosure listed in the compensation tables that follow the narrative. When references are made to key employees, we are referring to a broader group of senior managers, such as department heads, who may be eligible for a particular compensation element. Finally, references to the executive team or management mean the Chief Executive Officer, Chief Financial Officer and General Counsel. The information provided below is for fiscal year 2006, with the exception that a summary of the Company's employment agreement with Gary J. Yusko, who became the Company's Chief Financial Officer and Principal Accounting Officer, on July 16, 2007, is included herewith. The terms of Mr. Yusko's employment are consistent with the narrative included below regarding the Company's objectives and practices related to compensation matters.

### **Overview**

The Company's Compensation Committee (referred to in this narrative as the Committee or as the Compensation Committee), which is comprised of three independent directors, is primarily responsible for determining the compensation of the Company's NEOs on an annual basis. The Committee exercises its responsibility primarily by determining two key discretionary components of NEO compensation: the discretionary annual bonus, payable in cash, if any, and the annual equity compensation award, if any, based on management's recommendation (in the case of the CEO, based on CBS Radio's recommendation) to the Committee. Depending on the circumstances, the Committee may be involved in determining NEOs' base salaries, which typically are set when a NEO enters into an employment agreement with the Company. The Committee is aided in its decision-making process by its independent, nationally recognized compensation adviser, the Semler Brossy Consulting Group (SBCG), which reports directly to the Committee Chair and performs no other work for the Company. SBCG has been the adviser to the Committee since 2003. When appropriate the Committee also directly receives legal advice from Proskauer Rose LLP. CBS Radio, Inc., which owns 18.4% of the Company and which under a long standing management agreement manages the Company, plays a significant role in reviewing, recommending and establishing NEO's compensation, as described below. In particular, in the case of the CEO, CBS Radio determined the CEO's base salary and potential discretionary annual bonus pursuant to the CEO's employment agreement with CBS Radio.

In general, the Committee seeks to provide appropriate and reasonable levels of compensation to its NEOs. The Company strives to be competitive with pay opportunities of comparable companies in the media industry, while

accounting for individual performance and the overall performance of the Company. The Company provides minimal perquisites, consisting mainly of reimbursements for parking and car allowances. The Company does not provide to its

## **Table of Contents**

executives any other types of perquisites, including supplemental pension plans or other deferred compensation arrangements.

### **Objectives**

The objective of the Company's executive compensation policy (which affects NEOs) is to attract, retain and motivate management in a manner that is in the best interests of the Company's shareholders. Compensation for NEOs and other key employees is primarily comprised of three elements: a base salary, a discretionary annual bonus and discretionary annual grants of equity compensation awards. While annual bonuses and equity compensation awards may be addressed in NEOs' employment agreements, the awards of either or both are wholly discretionary and subject to the sole determination of the Committee (as stated in such employment agreements). The Committee believes that equity compensation awards are important contributors to the attraction, retention and motivation of the Company's executives and more closely aligns the interest of executives and management to the interests of the Company's shareholders.

The Committee has established the following objectives when determining the compensation for NEOs:

*Pay for Performance.* Corporate goals and objectives, and the progress made in achievement thereof, both as such goals and objectives have been presented by management and as expressed by CBS Radio, as manager of the Company, and the Board, should be a key consideration in any pay decisions;

*Be Competitive.* Total compensation opportunities for the NEOs generally should be competitive with comparable companies in the industry, to be able to continue to maintain and attract needed managerial talent;

*Align Long-term Interests of Executives with Shareholder Interests.* Elements of compensation should be structured to give substantial weight to the future performance of the Company in order to better align the interests of the Company's shareholders and NEOs; and

*Attract and Retain Key Employees.* In the midst of a challenging business environment, the Committee believes that the best interests of the shareholders are served by remembering that an effective compensation program also reflects the value of attracting and retaining key employees and talent.

The Company generally establishes a NEO's base salary in the individual's employment contract, based generally on competitive pay levels and appropriate fixed pay to compensate sufficiently the NEOs for performing his/her duties and responsibilities.

### **What are the duties and responsibilities of the Committee in establishing compensation?**

The Committee has the following responsibilities pursuant to its Charter (a copy of which is available on the Company's website at [www.westwoodone.com](http://www.westwoodone.com)):

Establish, oversee and recommend to the Board the implementation of overall compensation policies for executive officers as well as for compensation provided to officers (pursuant to the Management Agreement) and the Chairman of the Board;

Review and approve corporate goals and objectives relative to the compensation of executive officers;

Review the results of and procedures for the evaluation of other executive officers by the Chief Executive Officer;

At the direction of the Board, establish compensation for the Company's non-employee directors; and

## **Table of Contents**

Oversee the administration of all qualified and non-qualified employee compensation and benefit plans, including stock incentive plans.

Each of the members of the Committee is independent within the meaning of the Company's Corporate Governance Guidelines and the listing standards of the NYSE.

In carrying out its responsibilities, the Committee is authorized to engage outside advisors to consult with the Committee as it deems appropriate.

## **Process**

### **What is the timeline for establishing NEOs' discretionary compensation?**

The Committee generally discusses NEOs' discretionary compensation during the period beginning with the last Board meeting of the year (customarily held in December) and ending with the first Board meeting after the announcement of Company's earnings for the full year (customarily held in March). Between those meetings, the Company reports its year-end financial results and prepares a preliminary budget setting forth goals and objectives for the upcoming year. The CEO makes recommendations to the Committee for other NEOs' discretionary annual bonuses and equity compensation awards, including the suggested allocation between stock options, on the one hand, and restricted stock or restricted stock units (RSUs), on the other. Before management makes its recommendations to the Committee, the CEO reviews them with a representative of CBS Radio. The CEO does not make recommendations, review or otherwise participate in the process of determining his own discretionary compensation. Any proposal regarding the CEO's discretionary compensation is made by CBS Radio.

### **What are the roles of the various parties involved in the compensation process?**

While the Committee ultimately is responsible for making most of the compensation decisions related to NEOs, it believes it is advisable to obtain management's insight and input as well as the independent guidance of a third-party compensation adviser. Since the middle of 2003, the SBCG has acted as such adviser to the Committee and has attended several of the Committee meetings as needed. SBCG advises the Committee as to the appropriateness and reasonableness of the awards of discretionary compensation, including with respect to companies comparable in size or otherwise similar to the Company. Its analysis may include such considerations as the form of award (cash, stock options, restricted stock or RSUs), the aggregate percentage of the Company's stock being allocated (including how much stock remains issuable under the shareholder approved 2005 Plan) and the present value of the award. The Committee receives significant input from management, as appropriate, and the Committee meets separately with CBS Radio, to understand and factor into its decisions as full a picture of the relevant facts and circumstances as possible.

### **How large a role is played by CBS Radio, as manager of the Company, in determining compensation to NEOs?**

CBS Radio is involved in reviewing management's recommendations regarding discretionary annual bonuses and equity compensation awards to key employees, including NEOs, prior to the submission of such proposal to the Committee. CBS Radio is then included in future dialogue among the Committee, the Board and management regarding management's recommendations. CBS Radio plays a particularly significant role in the CEO's and CFO's compensation, as: (i) the Company's CEO is compensated pursuant to an employment agreement with CBS Radio, and not the Company, and (ii) the current CFO's salary and bonus is paid by the Company but is reimbursed by CBS Radio, and such employment agreement is with, and was negotiated by, the Company in conjunction with CBS Radio.



Prior to 2004, the Company's CEO, Joel Hollander (CEO from October 1998 to May 2003), and CFO, Jacques Tortoroli (CFO from July 2002 to December 2003), were both employees of CBS Radio. During such time period, neither individual received any salary or bonus from the Company. When Mr. Zaref became CFO in January 2004, the Committee assumed responsibility for the determination of the CFO's salary and bonus, as well as continuing to determine any equity compensation awards.

**Table of Contents**

**When do NEOs receive their discretionary compensation awards?**

The Company makes its annual discretionary compensation awards (i.e., annual bonus and equity compensation) to NEOs after the performance of the immediately preceding fiscal year, including year-end earnings, has been publicly reported and is known by Board members, including the Committee. The Committee has, in certain limited circumstances, chosen to make equity compensation awards at an earlier time to a broader group of key employees when retention and other considerations made such actions advisable. While the Committee does not have a formal written policy on awarding equity compensation based on material non-public information, it has acted to ensure that it does not do so. General awards of annual equity compensation (i.e., those not tied to a special event such as a promotion or extension of an employment agreement) for 2005 and 2006 were made by the Committee in February 2006 and March 2007.

**What are the elements of compensation to NEOs and how are levels of compensation determined?**

There are three main components of compensation: (1) base salary; (2) discretionary annual bonus; and (3) equity compensation. While two NEOs received a cash retention bonus in connection with executing their employment agreements, such is not considered a major component of compensation. Messrs. Hillman and Gregrey received retention bonuses, in the amount of \$100,000 each, for their respective commitments to multi-year contracts. All of the NEOs have employment agreements with the Company (with the exception of the CEO whose agreement is with CBS Radio) and such employment agreements cover, to varying degrees, the elements of compensation comprising the Company's compensation policy as described below in more detail under the heading employment agreements.

*Base Salary*

In determining base salary, the Committee considers an individual's performance, experience and responsibilities, as well as the base salary levels of similarly-situated employees at comparable companies in the media industry. A base salary is meant to create a secure base of cash compensation, which is competitive in the industry. The Company relies to a large extent on the CEO's evaluation and recommendation based on his assessment of the NEO's performance.

Salaries generally are reviewed at the time a NEO enters into a new or amended employment agreement, which typically occurs upon the assumption of a new position and/or new responsibilities or the termination of the agreement. Any increase in salary is based on a review of the factors set forth above.

As stated in the Overview the Committee customarily is not involved in the structuring of employment agreements which set forth a NEO's base salary. Two recent exceptions were the amendments to the employment agreements for the Company's Chairman and the CFO. The Committee took an active role, along with its compensation adviser, in structuring the amendments to Mr. Pattiz's employment agreement in 2005 based on the recommendation of the Board to the Committee. The Committee, along with its adviser, similarly took an active role in structuring the amendment to Mr. Zaref's employment agreement in 2006, based on the CEO's recommendation to the Committee and the input of CBS Radio.

The employment agreements of the General Counsel and EVP, Network Sales were negotiated by the Company's CEO. Both individuals have been employed by the Company for several years (since 2000 and 1999, respectively) and the base salaries negotiated for them increased annually.

*Discretionary Annual Compensation Bonus*

In 2006, with the exception of the Company's Chairman, NEOs were eligible to receive discretionary annual bonuses and their employment agreements provide a target amount for which they are eligible (Mr. Pattiz's employment agreement does not provide for such a bonus). While the bonus amounts differ from agreement to agreement, all such bonuses are in the sole and absolute discretion of the Board of Directors or its Committee or their designee.

**Table of Contents**

Each year, management makes a recommendation regarding discretionary bonuses and equity compensation for key employees to the Committee. Upon receipt of management's recommendations, the Committee reviews with management its suggestions about the management team, and then confers with its compensation adviser and with CBS Radio. After reviewing its decisions with the full Board and taking into account the views expressed by members of the Board, the Committee makes its final determination. The Committee also takes into account a NEO's base salary and views cash compensation as a whole when making its bonus determinations.

In 2006, the Company experienced a 34.9% decrease in EBITDA when compared to 2005 and a significant decline in its stock price, which played a significant role in the levels of annual (cash) discretionary bonuses awarded to NEOs. The actual bonuses paid to the NEOs for 2006 performance were substantially below their target amounts, reflecting the Committee's view of the Company's 2006 performance, as more specifically indicated below:

NEO	Target Bonus(1)	Bonus Paid	% of Target
Norman Pattiz	n/a	n/a	n/a
Peter Kosann	\$ 600,000	\$ 150,000	25.0%
Andrew Zaref	\$ 275,000	\$ 120,000	43.6%
David Hillman	\$ 125,000	\$ 100,000	80.0%
Paul Gregrey	\$ 250,000	\$ 17,500	7.0%

(1) As set forth in such NEO's employment agreement. Mr. Pattiz's employment agreement does not specify a target bonus.

While the Committee does not have a written policy regarding bonuses payable upon attaining certain financial metrics, all members of management were judged on the basis of the Company's overall performance and to the extent applicable, on the performance of departments over which they exercise substantial control. The Committee took into account the Company's revenues, net income, cash flow and stock price when analyzing Company performance, while simultaneously recognizing the current challenges in the radio industry and the ongoing discussions with CBS Radio to modify and extend the various agreements between CBS Radio and the Company. In the case of Mr. Hillman, the Committee also took into account the increased responsibilities assumed by Mr. Hillman in 2006 in connection with his promotion to Executive Vice President.

*Equity Compensation*

Equity is a critical component of the Company's compensation plan. Equity compensation awards are made under the Westwood One, Inc. 2005 Equity Compensation Plan (referred to herein as the 2005 Plan), customarily on an annual basis. The Company and the Committee believe that equity compensation provides the greatest long-term value potential to both the Company and its employees in creating long-term growth and success for employees and shareholders alike. Aside from promoting retention and incentivizing management, the Company, where appropriate, uses equity rather than cash as a signing bonus to management-level individuals hired by the Company. The Company believes that equity compensation serves as a critical tool for attracting and retaining key talent. A total of 9.2 million shares are available for issuance under the 2005 Plan. As of December 31, 2006 (which does not include the shares awarded in March 2007), approximately 2,438,589 of such shares have been issued by the Company under the 2005 Plan.

In 2007 (for services rendered in 2006), the Committee determined that retaining key employees below the NEO level was important to the future success of the Company, and agreed to make equity grants for the non-NEOs solely in

restricted stock this year, and not all or part in stock options as has historically been the case. For exclusively NEOs, the Committee chose to incentivize core management by tying a significant portion of their equity compensation to stock options over restricted stock. In general, the Committee felt each of the CEO, CFO and GC is more able to affect the Company's performance and stock price and believed it was appropriate to tie a roughly equivalent value of each individual's equity compensation between stock options and restricted stock. In March 2007, Mr. Kosann received 41,667 shares of restricted stock and 125,000 stock options and Mr. Zaref received 25,000 shares of restricted stock and 75,000 stock options. While each of Mr. Kosann and Mr. Zaref received the same number of shares of stock options and restricted stock in March 2007 as they had received in the first quarter of 2006 (with the exception that they received

## **Table of Contents**

restricted stock, not RSUs, in 2007), the value of such awards was approximately \$899,587 less in the case of Mr. Kosann and \$427,500 less in the case of Mr. Zaref than the value of the awards made to such individuals in February 2006, as the Company's stock price (at which price the awards were granted) declined from \$14.27 to \$6.17 during such time period.

In December 2006, Mr. Pattiz received 8,333 RSUs and 25,000 stock options pursuant to his employment agreement. In March 2007, Mr. Hillman received 20,000 shares of restricted stock and 40,000 stock options and Mr. Gregrey received 39,000 shares of restricted stock. Notwithstanding the increased amount of shares awarded to Mr. Hillman and Mr. Gregrey, the value of the March 2007 awards to such individuals also was approximately \$205,778 less in the case of Mr. Hillman and \$84,020 less in the case of Mr. Gregrey than the value of the awards made to them in February 2006 as a result of the decline in the Company's stock price as described above. The value of Mr. Pattiz's December 1, 2006 award, when compared to his December 1, 2005 award, was \$117,246 less.

### *Payments Upon Termination*

Certain NEOs are entitled to cash payments upon their Termination, including upon a Change in Control and in the case of Messrs. Pattiz and Zaref, upon their death or disability. These payments are more particularly described under the headings entitled "Employment Agreements"; "Potential Payments upon Change in Control" and "Payments upon Disability or Death." The Company does not have any arrangements with its NEOs, written or otherwise, for 280G gross-up or similar type payments.

### *Vesting*

All equity compensation awarded to employees in 2006 was subject to a four-year vesting period. In March 2007, the Committee made a decision for the 2007 awards only, to shorten the vesting period to three years, in large part to help retain critical talent, recognizing that our key employees have experienced a significant decline in the value of their equity compensation as the Company's stock price has declined and have received low annual bonuses in the last two years. Once granted, an employee is entitled to the benefits of such award upon vesting, provided, such employee remains employed by the Company for the duration of the vesting period.

### *Stock Options*

Stock options only have value if the Company's stock price increases after the date the stock options are granted, and their value is measured only by the increase in the stock price. Under the 2005 Plan, various forms of full value share equity compensation awards are available, including restricted stock, restricted stock units, performance shares and deferred stock. For all such full value shares, each share granted is worth more than an option share, since the value of such share is measured by the actual stock price, not just the increase in the stock price. For this reason, the 2005 Plan calls for the share authorization to be reduced by three option shares for every full value share issued. The Committee believes that stock options remain a useful management incentive tool, but for the annual 2007 grant, the Committee limited their use to NEOs, so that more retention-oriented restricted stock would be the primary component of other employees' grants. Unvested stock options generally are forfeited upon an employee's Termination, including by death or disability. By the terms of the awards, all outstanding options vest upon a participant's Termination within a 24-month period after a Change in Control (as such term is defined in the 2005 Plan) has occurred.

### *Restricted Stock, RSUs*

As mentioned above, the Company began to include restricted stock and RSUs in its equity compensation awards in May 2005, after the 2005 Plan was approved by Company shareholders. In general, only NEOs and the directors have received RSUs which gives the recipient the right to defer the receipt/payment of the stock; all other key employees,

including NEOs, have received restricted stock. Generally speaking, restricted stock and RSUs are substantially similar awards, except that while a participant receives full voting and economic rights of the shares of restricted stock upon receipt of the grant, a participant does not receive such rights upon the grant of a RSU because the payment of shares underlying a RSU is deferred until vesting. While dividends, if any, begin to accrue on the date a RSU is granted, a

**Table of Contents**

participant's right to the underlying restricted shares and dividend equivalents are not received by a participant until the related RSU is distributed. Furthermore, if a participant elects to defer receipt of RSUs, the shares and accumulated dividends thereon, if any, are not distributed until the date of deferment. A decision to defer must be made a minimum of twelve (12) months prior to the initial vesting date and a participant generally may choose to defer his award until the last vesting date applicable to such award or his date of Termination.

Awards of restricted stock and RSUs are valued at the closing market price of the Company's Common stock on the date of the grant of the award.

Any unvested awards generally are forfeited upon an employee's Termination, including by death or disability. By the terms of the awards, all outstanding RSUs and restricted stock shares vest upon a participant's Termination within a 24-month period after a Change in Control (as such term is defined in the 2005 Plan) has occurred. In Mr. Pattiz's case only, all of his outstanding RSUs vest automatically upon a Change in Control or his Retirement (as such term is defined in the 2005 Plan). Mr. Pattiz is entitled to certain rights under the terms of his employment agreement as described in more detail below under the heading Change of Control Provisions. In addition, if Mr. Pattiz's employment agreement is not renewed, Mr. Pattiz shall become a part-time employee and/or consultant of the Company for six years through November 30, 2015 and his option shares will continue to vest throughout such term.

**How does the Committee determine the allocation between the elements of compensation?**

In certain circumstances, the Company awards retention bonuses to retain the services of NEOs for multi-year periods. Discretionary annual bonuses may be used to reward a NEO's outstanding individual performance. The Committee believes NEOs are more appropriately compensated, motivated and rewarded (and more likely to remain at the Company) when bonuses are paid in cash in a lump sum after the year has ended. Equity compensation awards, on the other hand, are intended to provide a potential for upside should the Company's performance improve over the long-term. In recent years, a large portion of NEO's compensation has been their salary.

The following table shows the compensation awarded to each NEO for the 2006 performance year:

NEO	Elements of Compensation(1)			Total Compensation
	Salary	Bonus(2)	Equity Awards(3)	
Norman Pattiz	\$ 400,000		\$ 125,748	\$ 525,748
Peter Kosann	\$ 600,000	\$ 150,000	\$ 573,335	\$ 1,323,335
Andrew Zaref	\$ 475,000	\$ 120,000	\$ 344,000	\$ 939,000
David Hillman	\$ 319,231	\$ 133,333	\$ 224,600	\$ 677,164
Paul Gregrey	\$ 344,237	\$ 48,269	\$ 240,630	\$ 633,136

- (1) All amounts reported in this table have been rounded to the nearest dollar. Because perquisites are *de minimis*, such have not been included in the table above.
- (2) The amounts listed in the table under Bonus above reflect discretionary bonuses awarded in 2007 for 2006 performance. These also include, in the case of Mr. Hillman, a \$33,333.36 retention bonus and in the case of Mr. Gregrey, a \$30,769.20 retention bonus earned in 2006 as further described in footnotes (3) and (4) of the Summary Compensation Table.
- (3) The value listed in the table under Equity Awards above contains only the value of the equity awards granted to the NEOs in March 2007 for 2006 performance. This amount is not the same amount disclosed in the Summary



Compensation Table. As discussed in footnote 5 to the Summary Compensation Table, the amounts reported in columns (e) and (f) of such table represent the portion of total value ascribed to all stock and option awards, including those made in prior years, that was expensed by the Company in 2006 in accordance with FAS 123R.

**Table of Contents**

**What other factors does the Committee consider when making its decisions regarding compensation to NEOs?**

Section 162(m) of the Internal Revenue Code of 1986, as amended (along with related regulations, the Code), limits the annual tax deduction a Company may take on compensation it pays to the NEOs (other than the CFO in certain instances) to covered pay of \$1 million per executive in any given year. The Committee's general policy is to structure compensation programs that allow the Company to fully deduct the compensation under Section 162(m) requirements. However, the Committee seeks to maintain the Company's flexibility to meet its incentive and retention objectives, even if the Company may not deduct all of the compensation.

In 2005, the Committee began granting RSUs and restricted stock to NEOs. The Committee determined that although the amount of RSUs and restricted stock that qualifies for a deduction under Section 162(m) may be limited, the equity-based awards are a significant component of compensation that promotes long-term Company performance and management retention, and strengthen the mutuality of interests between the awardees and shareholders.

The Committee also considers the accounting cost and the dilutive effect of equity compensation awards when granting such awards.

The Committee also considers the impact of Section 409A of the Code relating to deferred compensation. To the extent permitted by the Committee, a participant may elect to defer the payment of RSUs in a manner that is intended to comply with Section 409A of the Code.

**What role does the Committee play in establishing compensation for directors?**

The Committee reviews and evaluates compensation for the Company's non-employee directors on an annual basis, in consultation with its independent outside compensation adviser prior to making a recommendation to the Board. The elements of director compensation and more particulars regarding the elements are described below under the table appearing below the header Director Compensation.

**What changes to compensation for named executive officers or to directors, if any, have occurred since the fiscal year ended December 31, 2006?**

***Mr. Kosann***

On July 10, 2007, the Committee approved amending the terms of equity compensation awarded to Mr. Kosann during his tenure as President and CEO of the Company. As described elsewhere in this proxy statement, Mr. Kosann will cease to serve as the Company's President and CEO upon the closing of the proposed transactions with CBS Radio (but no earlier than December 31, 2007) or the day after which the Company files its Form 10-K for the year ended 2007 (but no later than March 18, 2008) (the earlier of such dates being the Termination Date). These changes were made in light of the Company expecting that a new arrangement would be negotiated by CBS Radio and the Company, which would involve the termination of the Management Agreement, pursuant to which the services of Mr. Kosann were provided. The Committee believed securing Mr. Kosann's services through the consummation of a new arrangement with CBS Radio or the filing of the Company's 10-K filing, whichever occurred later, was important for the Company and its shareholders. The following terms were negotiated by the Company's General Counsel and CBS Radio and the Company's independent directors, including members of the Committee who were actively involved in such process. The Committee's compensation adviser, SBCG, also reviewed the arrangement with the Committee.

If the proposed CBS transactions are consummated and Mr. Kosann is terminated on the Termination Date in connection with the closing, Mr. Kosann will serve the Company as a consultant from the day following the Termination Date through March 31, 2008 (the foregoing, the CBS Transaction Condition ). During his consultancy, in accordance with the terms of the 2005 Plan, Mr. Kosann's outstanding equity compensation will continue to vest in accordance with its current terms through and including March 31, 2008 and certain equity compensation awarded to Mr. Kosann that is scheduled to vest after March 31, 2008 will vest on March 31, 2008. Assuming the CBS Transaction Condition is satisfied, the following units/shares of unvested equity compensation that would have vested by their terms subsequent

## **Table of Contents**

to March 31, 2008, will vest on March 31, 2008 subject to his continued service as a consultant through such date in accordance with the foregoing amendment to Mr. Kosann's agreement: (a) 5,208 restricted stock units ( RSUs ) (of 41,667 RSUs initially awarded to Mr. Kosann on January 3, 2006 on a four-year vesting schedule), (b) 6,944 shares of restricted stock (of 41,667 shares of restricted stock initially awarded to Mr. Kosann on March 13, 2007 on a three-year vesting schedule) and (c) 20,833 stock options (of 125,000 stock options initially awarded to Mr. Kosann on March 13, 2007 on a three -year vesting schedule) at an exercise price of \$6.17 per share.

As part of the negotiations, the parties (with the participation of the Company's independent directors, including members of the Committee) also agreed that if subsequent to the Company filing a definitive proxy statement, either: (1) the CBS transactions close and Mr. Kosann is terminated on the Termination Date or (2) Mr. Kosann is involuntarily terminated as CEO other than for Cause (as defined in Mr. Kosann's employment agreement) prior to the Termination Date, the Company will reimburse CBS Radio for one-half (1/2) of Mr. Kosann's salary through December 31, 2008 and his 2007 bonus payment (which bonus payment shall be a minimum of \$150,000), subject to the conditions described in the Master Agreement attached as an exhibit to this proxy statement.

## ***CFO Changes***

As indicated elsewhere in this proxy statement, on July 12, 2007, Mr. Zaref ceased serving as the Company's Chief Financial Officer. Gary J. Yusko became the Company's Chief Financial Officer and Principal Accounting Officer on July 16, 2007. The material terms of Mr. Yusko's compensation are as follows:

Mr. Yusko's employment agreement is for a term of three years, beginning on July 16, 2007 and ending on July 16, 2010 (the Term ). For each year of the Term, Mr. Yusko will be compensated at an annual base salary of \$450,000, \$475,000 and \$500,000, respectively. Mr. Yusko will be eligible for an annual discretionary bonus for each of 2007, 2008 and 2009, in the amounts of \$315,000 (of which \$100,000 is guaranteed for the services to be rendered for 2007), \$332,500 and \$350,000, respectively, which discretionary bonus for 2008 and 2009 represents approximately 72% of Mr. Yusko's annual base salary. Mr. Yusko also received a signing bonus of: (i) \$100,000 payable in a lump sum in accordance with the Company's normal payroll practices and (ii) on July 16, 2007, 15,000 shares of restricted stock which will vest in equal one-half increments over a two-year period on July 16, 2008 and 2009. The \$100,000 signing bonus will be earned over the term of Mr. Yusko's employment through July 15, 2009. On July 16, 2007, Mr. Yusko also received 50,000 shares of restricted stock and 75,000 stock options that will vest in equal one-third increments on July 16, 2008, 2009 and 2010 (the July Equity Awards ), subject to his continued employment through such date. Under the Management Agreement, CBS Radio reimburses the Company for Mr. Yusko's salary and bonus.

In the event of his death or disability, Mr. Yusko is entitled to any accrued and unpaid salary and any then entitlement under employee benefit plans and programs, subject to reduction for any disability payments made under the Company's policies.

If Mr. Yusko is terminated without Cause, he is entitled to his base salary through the end of the Term (i.e., July 19, 2010) payable in accordance with the Company's normal payroll practices and any unvested portion of the July Equity Awards would vest immediately upon the effective date of termination. If a Change in Control (as defined in the 2005 Plan) occurs, and Mr. Yusko is no longer the Company's CFO or a material portion of his executive duties are withdrawn or significantly diminished, Mr. Yusko may terminate his employment on 30 days' written notice by delivering written notice to the Company within 30 days after the occurrence of the Change in Control. In such event, Mr. Yusko would receive his base salary through the end of the Term payable in accordance with the Company's normal payroll practices, and any unvested portion of the July Equity Awards would vest immediately upon the effective date of termination.

If Mr. Yusko is terminated, the Company may elect, at its option upon written notice delivered to Employee no later than the end of the Term, in consideration for \$200,000 payable in accordance with the Company's normal payroll practices, regardless of cause, that Employee not engage in any Restricted Activity (as such term is defined in Mr. Yusko's employment agreement), directly or indirectly, for a period of six (6) months from and after the Term. Generally speaking, Restricted Activities consist of: (i) providing services to a traffic, news, sports, weather or other information report gathering or broadcast service or to a radio network or syndicator, or any direct or indirect competitor of the Company or its affiliates; (ii) soliciting client advertisers of the Company or its affiliates and dealing with accounts with respect thereto; (iii) soliciting such client advertisers to enter into any contract or arrangement with

**Table of Contents**

any person or organization to provide traffic, news, weather, sports or other information report gathering or broadcast services or national or regional radio network or syndicated programming; or (iv) forming or providing operational assistance to any business or a division of any business engaged in the foregoing activities.

***Mr. Hillman***

As indicated elsewhere in this proxy statement, on July 10, 2007, Mr. Hillman became the Company's Chief Administrative Officer, a newly created position. In connection therewith, Mr. Hillman received an additional year on his employment agreement, which now terminates on December 31, 2009. In addition, Mr. Hillman was awarded 15,000 shares of restricted stock which will vest in equal one-half increments over a two-year period on July 10, 2008 and 2009. Finally, Mr. Hillman's salary was increased from \$350,000 as follows: effective July 16, 2007 to \$400,000; effective January 1, 2008 to \$425,000 and effective January 1, 2009 to \$450,000. Other than the foregoing, Mr. Hillman's employment agreement remains the same.

***Mr. Gregrey***

Subsequent to the Company's filing of its Form 10-K/A, Mr. Gregrey's employment agreement was amended on May 4, 2007 to include a provision for payments upon his termination without Cause. Under such amendment, if Mr. Gregrey is terminated without Cause, he will receive his base salary until the end of the term of his employment agreement (i.e., April 1, 2009), payable in accordance with the Company's normal payroll practices and (ii) any discretionary bonus earned by him but not yet paid by the Company as of the date of termination.

***Non-employee Directors***

Additionally, as discussed in the paragraph labeled "Equity Compensation" under the table entitled "Director Compensation" appearing below, because the Company's 2007 annual meeting of shareholders was delayed, the non-employee directors received their annual grant of \$100,000 in value of RSUs on July 12, 2007. There will not be a further grant of equity compensation to the directors in 2007 or at the annual meeting for which this proxy statement is being circulated. The Company anticipates it will next award equity compensation to the directors at a regularly scheduled 2008 annual meeting.

**Table of Contents****SUMMARY COMPENSATION TABLE**

The following table and accompanying footnotes set forth the compensation earned, held by, or paid to, each of the Company's named executive officers for the year ended December 31, 2006.

Name and Principal Position (a)	Year (b)	Salary (\$) (c)	Bonus (\$) (d)	Stock Awards (\$) (e)(5)	Option Awards (\$) (f)(5)	Non-Equity Incentive Compensation (\$) (g)	Change in Pension Value and Nonqualified Deferred Compensation (\$) (h)	All Other Compensation (\$) (i)(6)	Total (\$) (j)
<b>OFFICERS:</b>									
Norman J. Pattiz, Chairman of the Board	2006	\$ 400,000		\$ 196,409	\$ 294,384		N/A		\$ 890,973
Peter Kosann, President and CEO(1)	2006	\$ 600,000	\$ 150,000	\$ 173,034	\$ 675,955		N/A	\$ 12,000(6)	\$ 1,610,989
Andrew Zaref, EVP and CFO(2)	2006	\$ 475,000	\$ 120,000	\$ 108,126	\$ 370,238		N/A		\$ 1,073,364
David Hillman, EVP Business Affairs and General Counsel(3)	2006	\$ 319,231	\$ 133,333	\$ 57,110	\$ 185,639		N/A		\$ 695,313
Paul Gregrey, EVP - Sales, Network Division(4)	2006	\$ 344,237	\$ 48,269	\$ 50,097	\$ 266,190		N/A		\$ 708,793

- (1) Peter Kosann is employed by CBS Radio pursuant to the terms of the Management Agreement.
- (2) Andrew Zaref earned base salary at an annual rate of \$450,000 from January 1, 2006 through June 30, 2006 and \$500,000 from July 1, 2006 through December 31, 2006. In April 2007, Mr. Zaref received a discretionary bonus of \$120,000 for services rendered in 2006. CBS Radio reimburses the Company for Mr. Zaref's salary and bonus.
- (3) David Hillman earned base salary at an annual rate of \$300,000 from January 1, 2006 through March 31, 2006 and \$325,000 from April 1, 2006 through December 31, 2006. In April 2007, Mr. Hillman received a discretionary bonus of \$100,000 for services rendered in 2006. He also received a \$100,000 retention bonus at the time he entered into his employment agreement, of which \$33,333.36 was earned in 2006. Such amount is earned over the stated term of his employment (\$2,777.78 per month) and any unearned portion must be repaid if Mr. Hillman leaves the Company prior to the expiration thereof.

- (4) Paul Gregrey received a discretionary bonus of \$17,500 in February 2007 for services rendered in 2006 and a \$100,000 retention bonus at the time he entered into his employment agreement, of which \$30,769.20 was earned in 2006. Such amount is earned over the stated term of his employment (\$2,564.10 per month) and any unearned portion must be repaid if Mr. Gregrey leaves the Company prior to the expiration thereof.
- (5) The amounts reported in columns (e) and (f) represent the portion of total value ascribed to all stock and option awards, including those made in prior years, that was expensed by the Company in 2006 in accordance with FAS 123R. In accordance with FAS 123R, the Company expenses the estimated fair value of stock based compensation awards over the related vesting period. In the case of restricted stock and restricted stock units, estimated fair value is calculated as the fair market value of the shares on the date of grant. The estimated fair value of options is measured on the date of grant using the Black-Scholes option pricing model. For a more detailed discussion of the assumptions used by the Company in estimating fair value, refer to Note 9 (Equity-Based Compensation) of the Notes to the Consolidated Financial Statements. The vesting terms of the stock awards and option awards reported in the table above are described under the table entitled Grants of Plan-Based Awards in 2006 which appears below.
- (6) Mr. Pattiz receives perquisites which do not exceed \$10,000 in the aggregate and accordingly are not described above as permitted by applicable SEC rules. The only perquisites provided by the Company to its other named executive officers in 2006 were: (i) for each of Messrs. Kosann and Zaref only parking allowances; (ii) in the case of Mr. Kosann only, a monthly car allowance and (iii) Company matches to the contributions made by such individuals to their 401(k) accounts. The Company makes a matching contribution of 25% of all employees contributions to their 401(k) Plan in an amount not to exceed 6% of an employee's salary. Any employee vests in such Company match based on his years of service with the Company as follows: 20% for one year of service; 40% for two years of service; 60% for three years of service; 80% for four years of service and 100% for five years of service. Until December 31, 2006, the Company made such matches in Company stock; as of January 1, 2007,



**Table of Contents**

the matches are made in cash. None of the perquisites for the Company's named executive officers exceed in the aggregate \$10,000, except in the case of Mr. Kosann, who receives a \$500 monthly car allowance and a \$500 monthly reimbursement for parking. Accordingly, except for Mr. Kosann, such amounts have not been included above as allowed by applicable SEC rules. Under the terms of his employment agreement, Mr. Pattiz has the right to purchase at any time the Company car he uses at the fair market value as such is reported in the Kelly Blue Book.

**GRANTS OF PLAN-BASED AWARDS IN 2006 (1)**

The following table provides information for awards of stock options, restricted stock and restricted stock units made to each of the Company's named executive officers during the year ended December 31, 2006.

Name (a)	Grant Date (b)	Approval Date (b)(6)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (i)	All Other Option Awards: Number of Securities Underlying Options (j)	Exercise or Base Price of Option Awards (\$/Sh) (k)	Grant Date Fair Value of Stock and Option Awards (\$) (l)(8)
			Threshold (\$) (c)	Target (\$) (d)	Maximum (\$) (7)(e)	Threshold (#) (f)	Target (#) (g)	Maximum (#) (h)				
Norman J. Pattiz(2)	12/1/06	11/28/05								25,000	\$ 6.57	\$ 71,000
	12/1/06							8,333*				\$ 54,748
Peter Kosann(3)	1/3/06	12/19/05								125,000	\$ 16.42	\$ 788,750
	1/3/06							41,667*				\$ 684,172
Andrew Zaref(4)	2/10/06							25,000*				\$ 356,750
	2/10/06									75,000	\$ 14.27	\$ 414,750
	6/30/06	6/29/06						25,000				\$ 187,500
David Hillman(5)	2/10/06									33,700	\$ 14.27	\$ 186,361
	2/10/06							17,100				\$ 244,017
Paul Gregrey(5)	2/10/06									20,000	\$ 14.27	\$ 110,600
	2/10/06							15,000				\$ 214,050

(1) All awards disclosed in the table above awarded on February 10, 2006 vest over four years, commencing on a date eleven (11) months after the date of grant (i.e., January 10, 2007, 2008, 2009 and 2010). While other awards granted under the 2005 Plan vest commencing on the first anniversary of the date of grant, the awards made on February 10, 2006 were the first awards made to a group of employees after the adoption of the 2005 Plan in May 2005, and upon the recommendation of Company management, the Committee determined a slightly accelerated vesting schedule was reasonable. Awards with an exercise price noted in column (k) are

- options; awards denoted with an asterisk (\*) are RSUs and all other awards are shares of restricted stock.
- (2) Pursuant to an amendment to his employment agreement, effective November 28, 2005, beginning on December 1, 2005 and on each subsequent December 1 of his term of employment, Mr. Pattiz is entitled to a non-qualified option to purchase 25,000 shares of Common stock of the Company and 8,333 RSUs (which vest over a three-year period), each pursuant to the terms of the 2005 Plan. Such agreement was approved by the Board on November 28, 2005. As disclosed below under the heading Right to Defer; Mandatory Deferral in 2005, any RSU awarded in 2005 was automatically deferred by the Company. Beginning in 2006, the decision whether to defer a RSU award was given to participants. Mr. Pattiz chose not to defer the RSUs granted to him in 2006.
  - (3) On January 3, 2006 (the first business day of the year), Mr. Kosann received 41,667 RSUs and 125,000 options in connection with his appointment to CEO on January 1, 2006. Mr. Kosann's election was approved by the Board on December 19, 2005.
  - (4) Mr. Zaref received 25,000 shares of restricted stock as a signing bonus in connection with entering into an amendment of his employment agreement on June 30, 2006 (effective July 1, 2006) which extends his term as the Company's Chief Financial Officer through June 30, 2009. Such agreement was approved by the Committee on

## **Table of Contents**

June 29, 2006. He also received 25,000 RSUs and 75,000 options on February 10, 2006, the date equity compensation was awarded by the Company to its key employees.

- (5) Received on February 10, 2006, the date equity compensation was awarded by the Company to its key employees.
- (6) With respect to all awards of equity compensation that was approved on a date other than the grant date, the grant date of the award was specified in advance of such date.
- (7) While no amount has been disclosed above (in accordance with SEC rules), there are target discretionary bonus amounts set forth in each individual's employment agreement which are described above in the Compensation Discussion and Analysis under the heading Discretionary Annual Compensation Bonus.
- (8) The value of the awards disclosed in column (I) represents the total value ascribed to all stock and option awards granted in 2006. In the case of restricted stock and restricted stock units, estimated fair value is calculated as the fair market value of the shares on the date of grant. The estimated fair value of options is measured on the date of grant using the Black-Scholes option pricing model. For a more detailed discussion of the assumptions used by the Company in estimating fair value, refer to Note 9 (Equity-Based Compensation) of the Notes to the Consolidated Financial Statements. The vesting terms of the stock awards and option awards are reported below.

The following summary is applicable solely to the equity compensation awarded in 2006 as reported in the table entitled Grants of Plan-Based Awards in 2006 which appears above.

### *Vesting*

The following terms do not apply to Mr. Pattiz's awards. For a description of the terms applicable to his awards, see Mr. Pattiz's Awards below.

All awards of stock options, restricted stock and RSUs listed in the table Grants of Plan-Based Awards in 2006 were granted under the 2005 Plan and vest in equal installments over a four-year period (with the exception of Mr. Pattiz's awards, which vest over three years), commencing on the first anniversary of the date of grant (with the exception of the grants made on February 10, 2006 as described above). Upon a participant's Termination (as such terms are defined in the 2005 Plan), all vested stock options remain exercisable as follows, but in no event later than ten years after the grant date: (i) three years in the event of the participant's Retirement; (ii) one year in the event of the participant's death (in which case the participant's estate or legal representative may exercise such stock option) or (iii) three months for any other Termination (other than for Cause). A participant forfeits any unvested stock options on the date of his Termination (except for Mr. Pattiz as indicated in more detail below).

Undefined terms used herein (such as participant, Termination, Retirement, Cause and Change in Control) have the meaning set forth in the 2005 Plan.

### *Change of Control Provisions*

If an employee is terminated without Cause during the 24-month period following a Change in Control, all unvested options, restricted stock and RSUs shall immediately vest; provided an employee is still a participant.

### *Mr. Pattiz's Awards*

Mr. Pattiz, who receives the same type of RSU and restricted stock award as Company directors, receives equity compensation which vests over three years and all such shares of restricted stock and RSUs vest in their entirety upon a Change in Control. Under the terms of his Employment Agreement, as amended, Mr. Pattiz is entitled to exercise at any time: (i) one-half of his outstanding option awards which have not yet become exercisable upon a Partial Event of Change and (ii) 100% of his outstanding option awards which have not yet become exercisable upon an Event of

Change (as such terms are defined in his Employment Agreement). If any event constituting an Event of Change is not consummated, the options will immediately revert back to their original vesting schedule, except to the extent Mr. Pattiz has already exercised his option to purchase some or all of such options.

**Table of Contents**

*Dividends; Transfer Restrictions; Voting Rights*

RSUs and restricted stock accrue dividend equivalents when dividends are paid, if any, on the Company's Common stock beginning on the date of grant. Such dividend equivalents are credited to a book entry account, and are deemed to be reinvested in common shares on the date the cash dividend is paid. Dividend equivalents are payable, in shares of Common stock, only upon the vesting of the related restricted shares. Until the stock vests, shares of restricted stock and RSUs may not be sold, pledged, or otherwise transferred; however, once a grant of such is made, the holder is entitled to receive dividends thereon (as described above). In the case of restricted stock only (i.e., not RSUs), a holder is entitled to vote the shares once he has been awarded such shares. A holder may not vote shares associated with RSUs until the shares underlying such award have been distributed (which occurs upon vesting, unless the RSUs have been deferred as described below).

*Right to Defer; Mandatory Deferral in 2005*

A participant may elect to defer receipt of his RSUs in which case shares and any dividend equivalents thereon, are not distributed until the date of deferment. A decision to defer must be made a minimum of twelve (12) months prior to the initial vesting date and a participant may choose to defer his award until the last vesting date applicable to such award or his date of Termination. In 2005, the deferral of equity compensation awards until a participant's Termination was mandatory. Accordingly, the grants made to all directors on May 19, 2005 and the grants made to Mr. Pattiz in December 2005 have been deferred until such individual's Termination.

**OUTSTANDING EQUITY AWARDS AT 2006 FISCAL YEAR-END**

The following table sets forth, on an award-by-award basis, the number of shares covered by exercisable and unexercisable stock options and unvested restricted stock and restricted stock units outstanding to each of the Company's named executive officers as of December 31, 2006.

Name	Option Awards(1)				Option	Stock Awards(2)			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Number of Securities Underlying Exercised Options (#)	Option Price (\$)		Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)

(a)	(b)	(c)	(d)	(e)	Expiration Date (f)	(g)	(h)(3)	(i)	(j)
Norman J. Pattiz(4)	308,000			\$ 14.07	04/29/08		\$		\$
	4,000			12.69	03/10/09				
	50,000			30.99	12/01/13				
	33,333	16,667		23.16	12/01/14				
	8,333*	16,667		18.27	12/01/15				
	4,167*	8,333		18.27	12/07/15				
		25,000		6.57	12/01/16				
						5,555*	39,221		
						3,099*	21,877		
						8,357	59,000		
Peter Kosann	20,000			22.57	09/30/09				
	50,000			32.25	03/08/10				
	15,000			20.25	09/28/10				
	24,000			21.46	09/20/11				
	40,000	10,000		35.19	09/25/12				
	45,000	30,000		30.19	09/30/13				
	30,000	45,000		20.50	10/05/14				
	10,000	40,000		20.97	03/14/15				
		125,000		16.42	01/03/16				
						43,273	305,507		

**Table of Contents**

Name	Option Awards(1) Equity				Option Expiration Date	Stock Awards(2)			
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)		Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested	Number of Unearned Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Plan Payout Awards: Value Number of of Unearned Shares, Units or Other Rights That Have Not Vested
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)(3)	(i)	(j)
Andrew Zaref	20,000	30,000		30.97	04/05/14				
	30,000	45,000		20.50	10/05/14				
	10,000	40,000		20.97	03/14/15				
		75,000		14.27	02/10/16				
						25,963	183,299		
						25,418	179,451		
David Hillman	600			20.25	09/28/10				
	9,000			21.46	09/20/11				
	9,600	2,400		35.19	09/25/12				
	7,200	4,800		30.19	09/30/13				
	12,000	18,000		20.50	10/05/14				
	5,000	20,000		20.97	03/14/15				
		33,700		14.27	02/10/16				
						17,758	125,371		
Paul Gregrey	12,000			22.57	09/30/09				
	30,000			32.25	03/08/10				
	20,000			22.06	02/21/11				
	10,000			21.46	09/20/11				

28,000	7,000	35.19	09/25/12		
24,000	16,000	30.19	09/30/13		
20,000	30,000	20.50	10/05/14		
3,000	9,000	19.93	05/19/15		
	20,000	14.27	02/10/16		
				15,579	109,988

- (1) All options listed in the above table were granted pursuant to the terms of the 1999 Plan and are subject to five-year vesting terms in equal installments, commencing on the first anniversary of the date of grant, except in the case of: (i) the third and fourth option entries for Mr. Pattiz (expiring on December 1, 2013 and December 1, 2014, respectively), which options were modified by a letter agreement dated as of May 25, 2005 and vest over three years in equal installments and (ii) all option entries in the table above with an expiration date on or after May 19, 2015 which options were granted pursuant to the terms of the 2005 Plan, which options vest in equal installments over four years (except for Mr. Pattiz's options which have a three-year vesting term) commencing on the first anniversary of the date of grant. As discussed elsewhere in this report, options granted on February 10, 2006 had an initial vesting date of January 10, 2007 (11 months after the grant date).
- (2) All stock awards listed in the above table were granted pursuant to the terms of the 2005 Plan and are subject to four-year vesting terms (except for Mr. Pattiz's stock awards which have a three-year vesting term) commencing on the first anniversary of the date of grant. As discussed elsewhere in this report, restricted stock granted on February 10, 2006 had an initial vesting date of January 10, 2007 (11 months after the grant date). The numbers disclosed in column (g) above include all dividend equivalents that have accrued on such shares.
- (3) The value of the awards disclosed in column (h) above is based on a per share closing stock price on the NYSE for the Company's Common stock of \$7.06 on December 29, 2006 (the last business day of 2006).
- (4) The entries for Mr. Pattiz denoted above by an asterisk (\*) represent awards made to Mr. Pattiz in December 2005, which although reported in columns (b) and (g) respectively because such shares have vested, the payment of such shares were deferred at the time of their award until Termination (as such term is defined in the 2005 Plan).



**Table of Contents**

Included in the above table is an award of 4,167 RSUs and 12,500 options which Mr. Pattiz was awarded on December 7, 2005, which awards are in addition to the awards he received on December 1, 2005 pursuant to the terms of his employment agreement as discussed above and were also automatically deferred until Termination.

**OPTIONS EXERCISED AND STOCK VESTED**

During the year ended December 31, 2006, none of our named executive officers exercised any stock options and none of the restricted stock or RSUs previously awarded to them were acquired.

Name (a)	Options Awards		Stock Awards	
	Number of Shares (#) (b)	Value Realized on Exercise(1) (\$) (c)	Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting(1) (\$) (e)
Norman J. Pattiz			(1)	(1)
Peter Kosann				
Andrew Zaref				
David Hillman				
Paul Gregrey				

- (1) As previously discussed, Mr. Pattiz received two grants of restricted stock in December 2005, which although reported in column (g) of the table entitled Outstanding Equity Awards at 2006 Fiscal Year-End, are not reported in the table above because although such shares have vested, such shares have not been acquired by Mr. Pattiz (and thus no value was realized by Mr. Pattiz in 2006) because the receipt of such awards was mandatorily deferred at the time of grant and will not be distributed until Mr. Pattiz's Termination (as such term is defined in the 2005 Plan). If the award had not been deferred, 4,327 shares of restricted stock would have vested in December 2006 and the value of such shares as of December 31, 2006 would have been \$30,549 based on a per share closing stock price on the NYSE for the Company's Common stock of \$7.06 on December 29, 2006 (the last business day of 2006).

**PENSION BENEFITS**

None of our named executive officers are covered by a pension plan or similar benefit plan that provides for payment or other benefits at, following, or in connection with retirement.

**NONQUALIFIED DEFERRED COMPENSATION**

Except for Mr. Pattiz, none of our named executive officers are covered by a deferred contribution or other plan that provides for the deferral of compensation on a basis that is not tax-qualified.

Executive Contributions in	Registrant Contributions in	Aggregate Earnings	Aggregate Withdrawals/	Aggregate Balance
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<b>Name</b>	<b>2006</b>	<b>2006</b>	<b>in 2006</b>	<b>Distributions</b>	<b>at 12/31/06</b>
<b>(a)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>	<b>(e)</b>	<b>(f)</b>
Norman J. Pattiz	\$ 28,599		\$ 1,950		\$ 30,549
Peter Kosann					
Andrew Zaref					
David Hillman					
Paul Gregrey					

## **Table of Contents**

- (1) As disclosed above under the heading "Right to Defer; Mandatory Deferral in 2005," only named executive officers and directors have received RSUs which gives the recipient/participant the right to defer the receipt/payment of the restricted stock underlying such awards. As previously discussed, any RSU awarded in 2005 was automatically deferred by the Company. Beginning in 2006, the decision whether to defer an award was given to participants.

## **Employment Agreements**

The Company has written employment agreements with each of the named executive officers (with the exception of the CEO whose agreement is with CBS Radio), the material terms of which are set forth below (terms applicable to a Change in Control are located below under the heading "Potential Payments upon Termination or Change in Control"). Compensation terms are presented for 2006 and beyond. All of the following employment agreements contain non-competition and non-solicitation provisions which extend after the termination of such agreements, with the exception of Mr. Pattiz's agreement which contains no such restrictions except during the Continued Engagement Period (as described below). More detailed terms and provisions of equity compensation held by the following named executive officers can be located in the table entitled "Outstanding Equity Awards At 2006 Fiscal Year-End" which appears above. As described in the Compensation Discussion & Analysis above, Mr. Hillman's employment agreement was amended on July 10, 2007 in connection with his appointment as the Company's Chief Administrative Officer and Mr. Gregrey's employment agreement was amended on May 4, 2007 to include a provision for payments upon his termination without Cause.

### **Mr. Pattiz, Chairman**

Term expires November 30, 2008; provided, that if the Company does not renew the agreement, Mr. Pattiz will continue as a part-time employee and/or consultant (at the Company's option) for six years through November 30, 2015;

Annual salary of \$400,000 (2006 through the end of the Term);

Each December 1, Pattiz receives 25,000 options and 8,333 RSUs;

Mr. Pattiz is entitled to full piggy-back registration rights and limited demand registration rights on his shares of Company Common stock;

Terminable by Mr. Pattiz upon 90 days' written notice to the Company (or 30 days in the event of a material breach); Terminable by the Company only in the event of death, permanent and total disability (upon such event), or for Cause (as such term is defined in the employment agreement) upon 90 days notice;

If the agreement is not renewed and Mr. Pattiz becomes a part-time employee and/or consultant as described above, only Section 5 of the Agreement shall continue to apply (non-competition and unfair competition provisions), Mr. Pattiz shall be subject to a non-solicitation provision and his option shares will continue to vest throughout his part-time employment/consultancy term (such term, "Continued Engagement Period");

If any remuneration to Mr. Pattiz in any given year would not be deductible under Code Section 162(m) and would result in non-deductible payments of over \$1 million in any one year, such excess would be deferred until the first year payment of such excess amount would not result in non-deductible remuneration of over \$1 million in such year.

**Mr. Zaref, EVP and CFO (Mr. Zaref's employment with the Company ceased on July 12, 2007)**

Mr. Zaref's employment with the Company was terminated on July 12, 2007. CBS Radio and the Company have agreed to split 50/50 any severance payments made to Mr. Zaref, subject to the conditions described in the Master Agreement attached as an exhibit to this proxy statement.

**Table of Contents**

Term expires June 30, 2009;

Annual salary of \$500,000 (effective July 1, 2006 for remainder of Term);

Discretionary annual bonus target of \$275,000 for 2006 and \$350,000 for each calendar year thereafter in the sole and absolute discretion of the Chief Executive Officer, Board of Directors or its Compensation Committee;

Management to recommend to the Committee an equity compensation grant equal to 75% of CEO award;

Terminable by Mr. Zaref for good reason (which requires 30 days advance notice); Terminable by the Company in the event of death, permanent and total disability or for Cause ;

If Mr. Zaref is terminated for good reason or other than Cause, Mr. Zaref will receive his base salary and bonus compensation for the remainder of the Term (bonus compensation forfeitable upon Mr. Zaref's securing future employment or consulting work); in the case of a good reason termination only, Mr. Zaref will receive medical and dental coverage via COBRA for the Term or until he is eligible for coverage from a third party. In addition, Mr. Zaref is entitled to certain payments if sufficient notice of the Company's decision not to extend/renew his employment agreement is not provided to Mr. Zaref as further described under Other below;

CBS Radio reimburses the Company for Mr. Zaref's salary and bonus under the Management Agreement.

**Mr. Hillman, EVP, Business Affairs and General Counsel**

(also, Chief Administrative Officer as of July 10, 2007)

Term expires December 31, 2008;

Annual salary of \$325,000 (effective 4/1/06); \$350,000 (2007) and \$375,000 (2008);

Retention bonus of \$100,000, earned during the period from 1/1/06 to 12/31/08 (subject to repayment in the event of Mr. Hillman's breach of the employment agreement);

Discretionary annual bonus eligibility valued at up to \$125,000 (2006), \$135,000 (2007) and \$150,000 (2008), each in the sole and absolute discretion of the Board of Directors or its Compensation Committee or their designee;

Management to recommend to the Compensation Committee an equity compensation grant equal to 85,000 stock options (2006) and 75,000 stock options (2007);

If Mr. Hillman continues to be employed by the Company after the Term, the agreement is terminable by either party upon 90 days' written notice;

In the event of termination without Cause, Mr. Hillman will receive his base salary for the remainder of the Term and any earned but unpaid discretionary bonus.

As described in the Compensation Discussion & Analysis above, in connection with the amendment to his employment agreement when he was appointed Chief Administrative Officer on July 10, 2007, Mr. Hillman's salary

was increased from \$350,000 as follows: effective July 16, 2007 to \$400,000; effective January 1, 2008 to \$425,000 and effective January 1, 2009 to \$450,000. In addition, Mr. Hillman was awarded 15,000 shares of restricted stock which will vest in equal one-half increments over a two-year period on July 10, 2008 and 2009.

**Table of Contents**

**Mr. Gregrey, EVP, Network Sales**

Term expires April 1, 2009;

Annual salary of \$345,050 (2006); \$370,050 (2007); \$395,050 (2008) and \$420,050 (2009);

Retention bonus of \$100,000, earned during the period from 1/1/06 to 4/1/09 (subject to repayment in the event of Mr. Gregrey's breach of the employment agreement);

Discretionary annual bonus eligibility valued at up to \$250,000 in the sole and absolute discretion of the Board of Directors or its Compensation Committee or their designee, subject to a 10% annual increase at the discretion of management and the Board;

Management to recommend to the Compensation Committee an equity compensation grant in 2006 equal to 20,000 stock options and 15,000 shares of restricted stock (not specified for future years);

If Mr. Gregrey continues to be employed by the Company after the Term, the agreement is terminable by either party upon 30 days' written notice.

As described in the Compensation Discussion & Analysis above, subsequent to the Company's filing of its Form 10-K/A, Mr. Gregrey's employment agreement was amended to include a provision for payments upon his termination without Cause.

**Potential Payments upon Termination or Change in Control**

The Company has entered into employment agreements with Messrs. Pattiz and Zaref that require it to make payments upon a Change in Control as described below. In addition, while Mr. Kosann is employed by CBS Radio, the Company does award Mr. Kosann discretionary equity compensation. Accordingly, the value of the equity compensation payable by the Company upon a Termination following a Change in Control is included below for Mr. Kosann under the heading Change in Control - All NEOs. While the Company is not responsible for the payment of Mr. Kosann's base salary and discretionary bonus, or any other cash payments to Kosann upon his termination or a change of control (except for certain severance payments as described in the Master Agreement), the amounts payable to Mr. Kosann by CBS Radio upon Mr. Kosann's termination under the terms of his employment agreement with CBS Radio are included herein.

In accordance with SEC requirements, the potential payouts described below upon: (1) Termination or Change in Control, (2) Death or disability or (3) Termination without Cause, assume a Termination on December 31, 2006. Accordingly, because Mr. Zaref was still Chief Financial Officer of the Company and neither Mr. Hillman's nor Mr. Gregrey's employment agreements had been amended, the description below includes provisions for Mr. Zaref and uses the employment agreement in effect on December 31, 2006 for Messrs. Hillman and Gregrey. Because Mr. Gregrey's employment agreement was amended solely to include a provision for payments due upon his termination without Cause, the analysis indicated below for Mr. Gregrey would not change.

*Event of Change - Mr. Pattiz*

In Mr. Pattiz's case, if an Event of Change (as such term is defined in Section 8.2 of his employment agreement) occurs and the Company terminates either Mr. Pattiz or his employment agreement, Mr. Pattiz shall continue to receive his salary compensation through the end of the term of his employment agreement. In such event Mr. Pattiz would also be entitled to exercise, immediately upon his election, all of his outstanding option awards which have not

then become exercisable. Additionally, by their terms, all outstanding unvested RSUs would automatically vest upon a Change of Control (as such term is defined in the 2005 Plan). If Mr. Pattiz had been terminated in connection with an Event of Change on December 31, 2006, Mr. Pattiz would be entitled to his base salary through November 30, 2008 which in the aggregate equals \$766,667 payable in accordance with the Company's normal payroll practices. The value of Mr. Pattiz's



## **Table of Contents**

options on December 31, 2006 (assuming Mr. Pattiz chose to exercise them on such date) would be \$12,250. The value of Mr. Pattiz's outstanding RSUs had he been terminated on December 31, 2006 would be \$120,098.

### *Partial Event of Change Mr. Pattiz*

If, instead of an Event of Change, a Partial Event of Change (as such term is defined in Section 8.1 of his employment agreement) had occurred, Mr. Pattiz would be entitled, in lieu of the foregoing, to exercise, immediately upon his election one-half of his outstanding unvested option awards which have not yet become exercisable. The value of half of Mr. Pattiz's options on December 31, 2006 (assuming Mr. Pattiz chose to exercise them on such date) would be \$6,125. His outstanding RSUs would not vest upon such an event.

### *Change in Control Mr. Zaref*

Upon a Change in Control, Mr. Zaref is entitled to terminate his employment for good reason within 30 days of such event with an effective date not earlier than 30 business days from the date of notice. Mr. Zaref would then be entitled to the payment described above in the summary of his employment agreement. A Change in Control is defined as any merger, consolidation, dissolution or reorganization of the Company with, or any transfer of all or substantially all of the assets of the Company to, an entity other than CBS Corporation. If Mr. Zaref terminated his employment effective December 31, 2006 in connection with a Change in Control (in accordance with the foregoing provisions), Mr. Zaref's termination would constitute good reason. In such event, Mr. Zaref would be entitled to: (i) his base salary through June 30, 2009 which in the aggregate equals \$1,250,000 and potential discretionary bonus compensation for 2006, 2007 and 2008 in an aggregate amount of up to \$975,000 payable in accordance with the Company's normal payroll practices, assuming Mr. Zaref did not secure future employment or consulting work for such period. Additionally, Mr. Zaref would receive medical and dental coverage via COBRA, which premium would cost the Company approximately \$29,796 through June 30, 2009. As noted above, Mr. Zaref's employment with the Company was terminated on July 12, 2007. CBS Radio and the Company have agreed to split 50/50 any severance payments made to Mr. Zaref, subject to the conditions described in the Master Agreement attached as an exhibit to this proxy statement.

### *Change in Control All NEOs*

If a Change in Control occurred and any of Messrs. Kosann, Zaref, Hillman and Gregrey was terminated in connection therewith, each individual's outstanding unvested options, restricted stock and RSUs would immediately vest. Assuming such Change in Control and Termination occurred on December 29, 2006 (the last business day of the year), the value of the equity compensation payable to each of Messrs. Kosann, Zaref, Hillman and Gregrey would be: \$305,507, \$362,750, \$125,371 and \$109,988, respectively. As discussed above, the value of Mr. Pattiz's outstanding unvested RSUs had he been terminated on December 31, 2006 would be \$120,098. All such values are based on a per share closing stock price on the NYSE for the Company's Common stock of \$7.06 on December 29, 2006. Of the foregoing values for Messrs. Kosann, Zaref, Hillman and Gregrey, none is ascribed to the options held by such individuals as all of the options held by such NEOs are underwater (i.e., the exercise price of such options exceed the current Common stock price).

## **Payments upon Disability or Death**

As part of the Company's employment agreement with its named executive officers (or in the case of Mr. Kosann, as part of his employment agreement with CBS Radio), the following terms are in effect in the event of such officer's disability or death.

In the event of permanent and total disability (including death), Mr. Pattiz will receive his base salary for the following twelve months and 75% of his base salary for the remainder of the term of the agreement. He will continue

to receive Company benefits, he will be entitled to exercise his equity compensation as described elsewhere in this report and he will continue to be entitled to the registration rights set forth in his employment agreement and described above. Assuming Mr. Pattiz had become disabled on December 31, 2006, Mr. Pattiz would be entitled to: (i) 100% of his 2007

## **Table of Contents**

base salary, or \$400,000, and (ii) 75% of his 2008 base salary through November 30, 2008, or \$275,000, for an aggregate payment of \$675,000 payable in accordance with the Company's normal payroll practices.

In the event of his death or loss of legal capacity, Mr. Zaref (or his estate) will be entitled to such payments as if he were terminated without Cause (*i.e.*, his base salary and bonus for the remainder of the term). Assuming such event occurred on December 31, 2006, Mr. Zaref (or his estate) would be entitled to: (i) base salary through June 30, 2009 which in the aggregate equals \$1,250,000 and (ii) potential discretionary bonus compensation for 2006, 2007 and 2008 in an aggregate amount of up to \$975,000 payable in accordance with the Company's normal payroll practices.

In the event of their death or disability, each of Messrs. Hillman and Gregrey are entitled to any accrued and unpaid salary and any then entitlement under employee benefit plans and stock options, subject to reduction for any disability payments made under the Company's policies.

In the event of his death, Mr. Kosann is entitled to any base salary due and not yet paid through the date of Mr. Kosann's death.

## **Payments upon Termination Without Cause**

If any NEO were terminated without Cause on December 31, 2006, the following amounts would be payable by the Company (or in the case of Mr. Kosann, CBS Radio):

*Mr. Pattiz:* no provision regarding Termination without Cause is included in Mr. Pattiz's employment agreement, however, the Company estimates the amount payable in such event would be base salary through November 30, 2008 in the aggregate amount of \$766,667 payable in accordance with the Company's normal payroll practices;

*Mr. Zaref:* base salary through June 30, 2009 in the aggregate amount of \$1,250,000 and potential discretionary bonus compensation for 2006, 2007 and 2008 in an aggregate amount of up to \$975,000 payable in accordance with the Company's normal payroll practices, assuming Mr. Zaref did not secure future employment or consulting work for such period;

*Mr. Hillman:* base salary through December 31, 2008 in the aggregate amount of \$725,000 payable in accordance with the Company's normal payroll practices;

*Mr. Gregrey:* no provision regarding Termination without Cause is included in Mr. Gregrey's employment agreement, however, the Company estimates the amount payable in such event would be base salary through April 1, 2009 in the aggregate amount of \$870,112.50 payable in accordance with the Company's normal payroll practices; and

*Mr. Kosann:* base salary through December 31, 2008 in the aggregate amount of \$1,275,000 payable in accordance with the regular payroll practices of CBS Radio, so long as Mr. Kosann is ready, willing and able to render exclusive services under his employment agreement during such period.

## **Other**

Mr. Zaref is entitled to three months of his salary, payable in accordance with the Company's then current payroll practices, if either: (i) the Company provides Mr. Zaref with notice of its election not to extend or renew his employment agreement and terminates his employment without Cause within three months after the stated term or (ii) his employment is terminated for good reason or death or disability less than three months before the end of the

stated term, such payment to be made from the date on which the non-renewal notice is given or Mr. Zaref's employment is terminated, whichever is earlier. If: (A) the Company does not provide a non-renewal notice to Mr. Zaref, (B) Mr. Zaref remains employed through the end of the term (June 30, 2009) and (C) the Company terminates his employment without Cause within three months after the stated term, Mr. Zaref shall be entitled to his base salary for the balance, if any, of the three months after expiration of his term (i.e., until September 30, 2009).

**Table of Contents****DIRECTOR COMPENSATION**

The following table sets forth the compensation for the Company's directors who served during the year ended December 31, 2006.

Name (a)	Fees Earned or		Option Awards (\$) (d)(5)	Non-Equity Incentive Plan Compensation (\$) (e)		Change in Pension Value and Non-qualified Deferred Compensation (\$) (f)	All Other Compensation (\$) (g)	Total (\$) (h)
	Paid in Cash (\$) (b)	Stock Awards (\$) (c)(5)		Non-qualified Deferred Compensation (\$) (f)				
<b>Current directors:</b>								
Walter Berger(1)								
Albert Carnesale	\$ 68,750	\$ 72,219						\$ 140,969
David L. Dennis	\$ 111,875	\$ 61,063	\$ 85,175					\$ 258,113
Gerald Greenberg	\$ 106,250	\$ 66,161	\$ 85,175					\$ 257,586
Peter Kosann(2)								
Grant F. Little, III	\$ 84,375	\$ 58,303						\$ 142,678
H. Melvin Ming	\$ 33,125	\$ 25,178						\$ 58,303
Norman J. Pattiz(2)								
Joseph B. Smith	\$ 94,375	\$ 117,988	\$ 85,175					\$ 297,538
<b>Former directors:(3)</b>								
Robert Herdman	\$ 23,125		\$ 3,336					\$ 26,461
Dennis Holt	\$ 10,625	\$ 3,767	\$ 44,356					\$ 58,748
Steve Lerman(1)	\$ 30,000		\$ 61,199					91,199
George L. Miles, Jr.	\$ 11,875		\$ 6,472					\$ 18,347
Leslie Moonves(1)								
<b>Former directors and executive officers:</b>								
Joel Hollander(1)(4)			\$ 1,245,090					\$ 1,245,090
Farid Suleman(1)(4)			\$ 4,591					\$ 4,591

(1) As reflected above, as employees of CBS Radio and/or its affiliates, Messrs. Berger, Hollander and Moonves elected not to receive cash compensation for their services as directors in 2006. Mr. Berger and Mr. Hollander have elected not to receive cash compensation for their services as directors in 2007. Mr. Lerman received only cash compensation, not equity compensation, for his services as director in 2006 and 2007. Mr. Suleman did not receive compensation as no meetings were held prior to his resignation in February 2006.

(2) Messrs. Kosann and Pattiz do not receive compensation for acting as directors.

(3) Mr. Herdman resigned in April 2006, Mr. Holt in July 2006, Mr. Lerman in January 2007, Mr. Miles in March 2006 and Mr. Moonves in April 2006.

- (4) Mr. Hollander resigned in March 2007 and Mr. Suleman in February 2006. Each of Messrs. Hollander and Suleman served as executive officers and directors of the Company and the compensation listed above includes options which were granted in consideration of such service during their tenure as executive officers of the Company.
- (5) The value of stock awards and option awards reported in columns (c) and (d) above is based on the estimated fair value of the underlying instrument in accordance with FAS 123R, and is recognized over the related vesting period. In the case of restricted stock and restricted stock units, estimated fair value is calculated as the fair market value of the shares on the date of grant. The estimated fair value of options is measured on the date of grant using the Black-Scholes option pricing model. For a more detailed discussion of the assumptions used by the Company in estimating fair value, refer to Note 9 (Equity-Based Compensation) of the Notes to the Consolidated Financial Statements. All stock awards and option awards reported in the table above were issued under the terms of the 2005 Plan and are subject to three-year vesting periods (subject to immediate vesting upon a participant's Termination within the 24-month period following a Change in Control as described elsewhere in this report). No director elected to defer the receipt of his RSUs at the time the May 2006 RSU awards were made.

## **Table of Contents**

*General.* The Compensation Committee reviews and evaluates compensation for the Company's non-employee directors (with the exception of Mr. Kosann who does not receive compensation as a director) on an annual basis, in consultation with its outside compensation adviser and the Board prior to making a recommendation to the Board. The Board then considers the recommendation of the Compensation Committee and generally approves such recommendation at the meeting held after the Company's annual meeting of shareholders.

*Fees.* Directors of the Company who are not officers receive \$5,000 per meeting attended for their services as directors and \$1,875 per meeting attended for their services as committee members. For the 2006-2007 board term, the Directors of the Company who serve as Chairs of the Compensation Committee, Nominating and Governance Committee and Audit Committee shall receive \$10,000, \$10,000 and \$15,000, respectively, for their services as the Chairs of such committees during the 2006-2007 board term.

*Equity Compensation.* Beginning on May 19, 2005, the date of the Company's 2005 annual meeting of shareholders, directors of the Company who are not officers receive a mandatory grant of \$100,000 in value of RSUs each year, which awards are governed by the terms of the 2005 Plan, which became effective in May 2005. Each grant is made on the date of the Company's annual shareholder meeting. In addition to the foregoing, newly appointed directors who are not officers receive a mandatory grant of \$150,000 in value of RSUs on the date such director is appointed to the Company's Board. Recipients of RSUs are entitled to receive dividend equivalents on the RSUs (subject to vesting) when and if the Company pays a cash dividend on its Common stock. RSUs awarded to outside directors vest over a three-year period in equal one-third increments on the first, second and third anniversary of the date of the grant, subject to the director's continued service with the Company. Directors' RSUs vest automatically, in full, upon a Change in Control or upon their Retirement, as defined in the 2005 Plan. RSUs are payable to outside directors in shares of the Company's Common stock. Messrs. Berger, Hollander (who resigned effective March 30, 2007), Lerman (who resigned effective January 30, 2007) and Moonves (who resigned effective April 4, 2006) elected not to receive in 2006 equity compensation normally provided to non-officer directors. Messrs. Berger, Hollander and Lerman elected not to receive equity compensation in 2007. Because the Company's 2007 annual meeting of shareholders was delayed, in part as a result of then on-going negotiations with CBS Radio relating to the proposed CBS transactions, the directors received, pursuant to Board resolution, their annual grant of \$100,000 in value of RSUs on July 12, 2007. There will not be a further grant of equity compensation to the directors in 2007 or at the annual meeting for which this proxy statement is being circulated. The Company anticipates it will next award equity compensation to the directors at a regularly scheduled 2008 annual meeting.

## **Waivers of Compensation**

Messrs. Kosann and Pattiz do not receive any remuneration for their services as directors of the Company. Messrs. Berger, Hollander, Lerman and Moonves, as current and former directors of the Company who are/were employed by CBS and/or its affiliates, waived their right to cash and equity compensation, with the exception of Mr. Lerman, who received cash compensation only.

## **Compensation Committee Interlocks and Insider Participation**

The Company's Compensation Committee is comprised solely of independent outside directors, Messrs. Greenberg, Dennis and Smith. The Company has no interlocking relationships or other transactions involving any of our Compensation Committee members that are required to be reported pursuant to applicable SEC rules. None of the members of the Compensation Committee served as an officer or employee of the Company or any of its subsidiaries during the fiscal year ended December 31, 2006. There were no material transactions between the Company and any of the members of the Compensation Committee during the fiscal year ended December 31, 2006.

No member of the Compensation Committee simultaneously served both as a member of the Compensation Committee and as an officer or employee of the Company during 2006. None of the Company's executive officers serves as a member of the Board or the Compensation Committee, or committee performing an equivalent function, of any other entity that has one or more of its executive officers serving as a member of the Board or Compensation Committee.



**Table of Contents**

**Compensation Committee Report**

The Compensation Committee has reviewed and discussed with Company management the Compensation Discussion and Analysis which appears above beginning on page 16 in this proxy statement. Based on its review and discussions with management, the Compensation Committee recommended to the Board of Directors that it approve the inclusion of the Compensation Discussion and Analysis in this proxy statement filed with the SEC.

**Submitted by the members of the Compensation Committee:**

Gerald Greenberg, Chair  
David L. Dennis  
Joseph B. Smith

**Table of Contents**

**PROPOSAL 1 ELECTION OF DIRECTORS**

At the annual meeting, holders of Common Stock, voting alone, will elect the independent Class I director and holders of Common Stock and Class B Stock, voting together, will elect the other Class I directors, for three-year terms, until their successors are elected and qualified. The Board of Directors has nominated Joseph B. Smith (independent director), Norman J. Pattiz and Peter Kosann to serve three-year terms ending in 2010. All nominees currently serve as Class I directors of the Company. Unless otherwise indicated on any proxy, the persons named as proxy voters on the enclosed proxy card intend to vote the stock represented by each proxy to elect these nominees. The nominees are willing to serve as directors, but should any or all refuse to or be unable to serve, the named proxy holders will vote for one or more other persons nominated by the Board of Directors.

The election of Messrs. Smith, Pattiz and Kosann will require the affirmative vote of a majority of the votes entitled to be cast and represented in person or by proxy at the meeting. With respect to the election of Messrs. Pattiz and Kosann, the Common Stock and the Class B Stock vote together as a class. With respect to the election of Mr. Smith, the Common Stock votes separately as a class and the Class B Stock will not vote.

As previously disclosed in an 8-K filed with the SEC on July 16, 2007, notwithstanding his nomination to serve a three-year term ending in 2010, Mr. Kosann will resign from the Company's Board upon the closing of the proposed CBS transactions, when and if such occurs. The Board will name his replacement upon his resignation.

**THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE ELECTION OF JOSEPH B. SMITH, NORMAN J. PATTIZ AND PETER KOSANN AS CLASS I DIRECTORS.**

**PROPOSAL 2 SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Action will be taken at the annual meeting to ratify the selection of PricewaterhouseCoopers LLP as independent registered public accounting firm of the Company for the fiscal year ending December 31, 2007.

PricewaterhouseCoopers LLP has been the independent registered public accounting firm of the Company since 1984. The Company knows of no direct or material indirect financial interest of PricewaterhouseCoopers LLP in the Company or of any connection of that firm with the Company in the capacity of promoter, underwriter, voting trustee, officer or employee. We are asking our shareholders to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm. Although ratification is not required by our Bylaws or otherwise, the Board is submitting the selection of PricewaterhouseCoopers LLP to our shareholders for ratification as a matter of good corporate practice.

**Representation of Independent Registered Public Accounting Firm at Annual Meeting**

A representative of PricewaterhouseCoopers LLP will be present at the annual meeting, will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

The affirmative vote of a majority of the Common Stock and Class B Stock, voting together as a single class, represented in person or by proxy at the annual meeting is required to ratify the selection of PricewaterhouseCoopers LLP.

**THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE TO RATIFY THE SELECTION OF PRICEWATERHOUSECOOPERS LLP.**

**PROPOSAL 3 CBS TRANSACTIONS**

Action will be taken at the annual meeting to approve the Master Agreement between the Company and CBS Radio Inc. (CBS Radio or CBS ), and the other definitive agreements with CBS attached as exhibits to the Master Agreement. In this proxy statement we refer to the Master Agreement and such other agreements as the New

## **Table of Contents**

Transaction Documents. Although the Master Agreement was executed by the parties on October 2, 2007, the transactions contemplated by the Master Agreement will not, and cannot, become effective until the conditions to closing are satisfied, including among others described in more detail below, approval of the New Transaction Documents by the Company's shareholders (other than CBS Radio and its affiliates).

The Company's Board of Directors (with CBS directors abstaining) has determined that the Master Agreement and related transactions are in the best interests of the Company and its shareholders and is recommending that you approve the New Transaction Documents for the reasons discussed below under Background, Recommendation and Reasons.

If the shareholders of the Company do not approve the New Transaction Documents, the existing agreements with CBS will remain in effect and expire on March 31, 2009.

## **SUMMARY**

### **Overview of Existing Relationship with CBS**

The Company originally entered into a management agreement with CBS Radio in 1994. The Company is currently a party to a Management Agreement (the Management Agreement), a Representation Agreement (the Representation Agreement), a News Programming Agreement (the News Agreement), a Trademark License Agreement (the Trademark License), a Technical Services Agreement (the TSA) and various programming and affiliation agreements with individual radio stations owned and operated by CBS Radio (the CBS Radio Stations or Stations). The term of each of the Management Agreement, Representation Agreement, News Agreement, Trademark License and TSA will expire on March 31, 2009. Such agreements and related amendments were ratified by the Company's shareholders in 2002. While the Company provides programming to all major radio station groups, the Company has affiliation agreements with most of the CBS Radio Stations which, in the aggregate, provide the Company with a significant portion of the audience and commercial inventory that it sells to advertisers. In addition, the Company syndicates and/or distributes several other programs from CBS Radio and its affiliates.

Pursuant to the Management Agreement, CBS Radio manages the business and operations of the Company by providing individuals to serve as the Company's CEO and CFO (CBS Radio employs the CEO and reimburses the Company for the cash compensation of the CFO, who is employed directly by the Company). CBS Radio receives a management fee for its management services. The Management Agreement includes certain non-competition provisions in favor of the Company and a right of first refusal on syndication opportunities to the Company where CBS Radio determines, in its sole discretion, to syndicate programming using a third party syndicator. Two employees of CBS Radio serve on the Company's Board of Directors, and CBS Radio owns approximately 18.4% of the Company's Common Stock.

Pursuant to the Representation Agreement and various affiliation agreements with individual CBS Radio Stations, CBS Radio provides the Company with commercial inventory on CBS Radio Stations that the Company sells to its advertisers. In addition, the Company acts as CBS representative to distribute certain CBS programming to the Company's radio station affiliates, including CBS Radio Stations. Under the Representation Agreement, the Company pays CBS a flat fee subject to annual increases based on a specified consumer price index. In addition, the Company retains all revenue and is responsible for all expenses associated with such programming. Pursuant to the News Agreement and Trademark License, the Company receives rights to distribute CBS Radio news content and to use certain trademarks of CBS used in connection with CBS Radio news programming and other CBS programming and content. The Company pays CBS a flat fee for the right to distribute news content subject to annual increases based on a specified consumer price index, and, in some cases, additional fees if expanded coverage not contemplated by the News Agreement is provided. In addition to news content, the Company also purchases rights to other content and

programming from CBS pursuant to various agreements negotiated on a case-by-case basis.

Pursuant to the TSA, the Company and CBS share or make use of certain employees, facilities and equipment, primarily at the CBS Broadcast Center in New York, New York, that are used in connection with the production and distribution of CBS Radio news programming and other content and programming of the Company that is broadcast to

## **Table of Contents**

the Stations and other radio station affiliates of the Company. The Company reimburses CBS Radio monthly for use of the facilities and equipment and for the costs associated with CBS employees who provide services to the Company.

During 2006, the Company incurred expenses aggregating approximately \$69.1 million under the Representation Agreement and affiliation agreements (Network and Metro Networks) with CBS, and for programming provided by CBS. Such amount does not reflect expenses incurred as a result of the Company's agreements with Viacom Inc. and/or its non-CBS affiliates. The expense associated with the Management Agreement in 2006 was approximately \$3.2 million.

### **Overview of New Relationship with CBS**

As summarized below, the proposed New Transaction Documents change the existing relationship between the Company and CBS. For a more complete description of the New Transaction Documents, see *Master Agreement* and *Other New Transaction Documents*.

### ***Termination of Existing Agreements***

On the Closing Date, the Management Agreement will terminate and the Company will employ its own CEO on a going forward basis and CBS will no longer reimburse the Company for the costs related to the Company's CFO. In addition, the two directors of the Company who are employees of CBS (Messrs. Berger and Kosann) will resign from their director positions at the Company. The Representation Agreement will also terminate on the Closing Date, and up to \$15.0 million in compensation paid to CBS under the Representation Agreement as well as up to \$1.3 million of the current management fee paid to CBS will be paid directly to the Stations as compensation under the Station Agreements, which will replace all existing affiliation agreements as summarized below.

### ***New Long Term Distribution Relationship Station Agreements***

The Company and CBS will enter into Station Agreements that document and extend through March 31, 2017 the Company's current distribution of network news, local traffic and news programming, to CBS Radio Stations and existing rights to, and levels of commercial inventory for, CBS Radio Stations. The Station Agreements contain significant differences from the existing affiliation agreements. Some of the key provisions and differences are highlighted below. For a more detailed description of the Station Agreements and the provisions described below, see *Other New Transaction Documents Station Agreements*.

Expiration date of all Station Agreements is extended through March 31, 2017, continuing the provision of commercial inventory and related rights for a period that extends eight years beyond the expiration of the current Management Agreement. The current Management Agreement expires on March 31, 2009.

All compensation under Westwood One Affiliation Agreements adjusts either up or down for changes in audience levels (Network only) on Stations (subject to a 3% threshold as described in more detail under *Other New Transaction Documents Westwood One Affiliation Agreements*), as opposed to many of the existing affiliation agreements, under which the Company pays fixed compensation regardless of fluctuations in audience levels.

Compensation under Westwood One Affiliation Agreements also uniformly adjusts either up or down for Commercial Clearance, including when Clearance is affected by preemption of commercials outside the parameters specified in the agreements. For example, Station compensation is subject to *pro rata* downward adjustment for Commercial Clearance between 100% and 90%, compensation is reduced

significantly for Clearance below 90%, and no compensation whatsoever is paid to a Station if it broadcasts 75% or less of the commercial inventory. Many of the existing affiliation agreements are subject to less punitive penalties as Commercial Clearance levels decrease.

**Table of Contents**

The Company may exercise its termination right with respect to a Westwood One Affiliation Agreement and collect liquidated damages from CBS if the applicable CBS Radio Station fails to achieve Commercial Clearance of at least 75% for a prolonged period. Generally, the existing affiliation agreements do not have liquidated damages clauses.

The Station Agreements provide for certain requirements in the case of a sale of Stations by CBS. For the first 35 Stations sold by CBS, CBS is required to use commercially reasonable efforts to assign the applicable Station Agreements to the buyer for the term of the Station Agreements. If the buyer does not assume the Station Agreements, the Station Agreements may be terminated and the commercial inventory must be reallocated by CBS to achieve Substantially Equivalent Distribution among the remaining Stations still owned by CBS for the term of the Station Agreements. In respect of any Stations sold by CBS after the first 35 Stations, CBS must cause the buyer to assume the Station Agreement for a term extending through the later of December 31, 2014 and the fifth anniversary of the closing of such Station sale (but not beyond March 31, 2017) or reallocate the inventory as described above to achieve Substantially Equivalent Distribution in the manner described below in the Glossary.

Under the Station Agreements, Metro Networks Communications, Inc., a subsidiary of the Company, will be the exclusive source of traffic information on CBS Radio Stations analog and HD1 signals, subject to certain exceptions provided in the Station Agreements.

Under the proposed CBS transactions, the Company will pay CBS a maximum annual bonus of \$4.0 million for Commercial Clearance of 95% or higher and no bonus will be earned by CBS if Clearances are below 90%.

***Framework for New Relationship Master Agreement***

The Master Agreement was executed by the Company and CBS Radio on October 2, 2007. It provides a legal framework for the proposed new relationship between the Company and CBS Radio. The other New Transaction Documents also are referenced in, and attached as exhibits to, the Master Agreement and will be entered into by the Company (and its applicable subsidiary) and CBS (and the applicable CBS Radio Stations) on the Closing Date. The Master Agreement itself has certain significant provisions, which in some cases apply to other New Transaction Documents, some of which are described below. For a more detailed description of the Master Agreement and the provisions described below, see Master Agreement.

Although executed, the transactions contemplated by the Master Agreement will not be effective until closing, which is subject to certain conditions, including, among others, (i) approval of the New Transaction Documents by the shareholders of the Company (excluding CBS and its affiliates), (ii) refinancing or modification of certain of the Company's debt agreements, as may be required, and (iii) the Company paying all outstanding financial obligations to CBS, estimated on the date of the Master Agreement to be approximately \$12.8 million and paying CBS an additional \$5.0 million at closing in connection with the CBS transactions. In addition, the Master Agreement provides that either the Company or CBS may terminate the Master Agreement if the closing conditions have not been satisfied by February 29, 2008, subject to extension under certain circumstances. Upon the satisfaction or waiver of the closing conditions set forth in the Master Agreement and the effectiveness of the closing, the Master Agreement will, in accordance with its terms:

Extend certain existing non-competition and non-solicitation agreements between the Company and CBS Radio included in the Management Agreement through March 31, 2010 and December 31, 2012, respectively, and set forth the terms and conditions relating to CBS Radio's ability to sell ten second



sponsorships adjacent to traffic reports through March 31, 2010.

Extend the existing right of first refusal of the Company to syndicate certain CBS Radio programming through March 31, 2017.

Extend certain existing programming agreements between the Company and CBS Radio through the earlier of their current termination date and March 31, 2017.

**Table of Contents**

Provide for the cancellation of all warrants and related registration rights held by CBS.

As discussed above, provide for a maximum annual bonus of \$4.0 million payable to CBS Radio for Commercial Clearance of 95% or higher and no annual bonus payable to CBS if Clearances are below 90%.

Provide for a \$2.0 million payment from CBS Radio to the Company if Commercial Clearance in 2008 for CBS top ten markets is less than 93.75%.

Provide the Company with a limited right to defer up to \$4.0 million in payments to CBS Radio on two occasions during the first two years from the Effective Date.

Provide that CBS may not sell its existing shares of Common Stock prior to December 31, 2007 (which restriction may expire prior to the Closing Date), and provide for new registration rights for such shares following the closing.

Provide for certain confidentiality obligations and related covenants in the event of a change of control of the Company where a CBS competitor acquires the Company or a significant portion of the Company's assets.

Include termination and cross termination provisions, which are substantially similar to the other New Transaction Documents. These termination and cross termination provisions generally provide, among other things, that:

1. termination for a payment-related dispute pursuant to the provisions of the Master Agreement is not allowed if the amount in dispute is deposited in escrow;
2. disputes are to be resolved through formal arbitration and the arbitrator shall take into account other appropriate remedies short of termination in deciding whether termination is appropriate;
3. all other New Transaction Documents (except for the Mutual Release as described below) shall terminate if the Master Agreement is terminated (including any termination of the Master Agreement by either the Company or CBS, as the non-breaching party, in the event that 15% or more of the Station Agreements measured by revenue or number are terminated or if an arbitrator terminates for material breach all or substantially all of the Station Agreements in any two markets where CBS Radio owns at least four Stations), subject to certain exceptions.

***Extension of Existing Arrangements with Respect to News Programming, Trademarks and Use of Employees, Equipment and Broadcasting Facilities***

As part of the proposed CBS transactions, the Company and CBS will amend and restate the News Agreement, the Trademark License and the TSA and enter into related leases with respect to certain facilities. The changes to these existing agreements and the new leases generally extend existing rights of the Company through March 31, 2017 and, particularly with respect to the TSA and related leases, memorialize in writing certain past practices and occupancy arrangements. Some of the significant provisions of these agreements are summarized below. For a more detailed description of these agreements and the provisions described below, see Other New Transaction Documents Amended and Restated News Programming Agreement, Amended and Restated Technical Services Agreement, Amended and Restated Trademark License Agreement and Facilities Arrangements. The CBS transactions will:

Extend the News Agreement, Trademark License and TSA through March 31, 2017.

Provide the Company with certain exclusive rights to CBS news programming, and non-exclusive rights to certain CBS trademarks, for domestic AM/FM terrestrial radio broadcast (including HD1 and HD2) in the English language and related simulcast by live internet streaming.

Set a fixed annual news programming fee (with fixed annual escalator) related to CBS news programming.

**Table of Contents**

Limit the assignability of certain CBS trademarks unless pursuant to a concurrent assignment of the Amended and Restated News Programming Agreement.

Clarify and update existing practices related to employees, facilities and equipment at the CBS Broadcast Center located at 524 W. 57th Street in New York City.

Include leases of the facilities at 524 W. 57th Street in New York City and 2020 M Street in Washington D.C. through March 31, 2017, and a sublease of the facilities at 2000 M Street in Washington, D.C. through December 30, 2012.

Provide for post-termination transition periods at the CBS Broadcast Center in the event the Company is required to vacate the facility.

***Release of Claims***

As a condition to agreeing to extend the relationship through March 31, 2017, each party is required to release all potential claims it has or may have against the other party pursuant to a Mutual General Release and Covenant Not to Sue (the Mutual Release ). The Mutual Release provides for, subject to certain limited exceptions, a mutual release by CBS and the controlled affiliates of CBS Corporation, on the one hand, and the Company and its affiliates, on the other hand, of all potential pre-existing claims against the other party. For a more detailed description of the Mutual Release and an assessment of potential claims, see Mutual Release and Assessment of Potential Claims.

***Additional Considerations***

Under the terms of the proposed CBS transactions, portions of the fees previously payable by the Company to CBS under the Management Agreement and the Representation Agreement will be paid directly to the CBS Radio Stations as station compensation pursuant to the Station Agreements. Specifically, of the approximately \$19.0 million currently paid by the Company to CBS Radio under the terms of the Management Agreement and Representation Agreement, \$16.3 million is being re-allocated to station compensation. Additionally, because the Management Agreement is being terminated, after the closing, the Company will be solely responsible for paying its CEO s and CFO s cash compensation, which currently is paid or reimbursed by CBS Radio. The Company estimates annual cash compensation for its CEO and CFO to be approximately \$1.5 million to \$2.0 million in 2008. Other costs relating to the News Agreement, the TSA and leases are anticipated to remain substantially similar to the costs currently incurred for such agreements and/or services. In addition, because all of the warrants currently held by CBS Radio will be cancelled at closing, \$10.0 million of non-cash warrant amortization would be eliminated after the closing.

The two key financial changes under this proposed new arrangement are: (1) station compensation under the Station Agreements will be adjustable based on audience (Network only) and Commercial Clearance and (2) if a CBS Radio Station fails to broadcast at least 75% of scheduled commercial inventory for three consecutive months or four non-consecutive months in a twelve-month period and the Station Agreement is terminated by the Company as a result, the Company is entitled to liquidated damages (Network only). Because compensation to Stations is the largest component of all payments payable by the Company to CBS going forward, the financial impact of the proposed transactions will depend primarily on the CBS Radio Stations performance under the Station Agreements, which agreements reward Stations for increases in audience (Network only) and Commercial Clearance levels and penalize them for declines in such levels. To put this into perspective, had the transactions been consummated on January 1, 2006, and applying the actual 2006 Commercial Clearance for all CBS Radio Stations in the aggregate, cash expenses incurred by the Company under the Station Agreements would have been approximately \$8.0 million lower than what was recorded in the Company s 2006 financial statements. If, on the other hand, CBS Radio Stations had cleared 100%

of Company commercials in 2006, cash expense incurred by the Company under the Station Agreements would have been approximately \$6.5 million higher than what was recorded in the Company's 2006 financial statements. Such an increased amount would include the \$4.0 million bonus the Company has agreed to pay CBS Radio under the new arrangement if CBS Radio Stations, in the aggregate, achieve 95% or greater Commercial Clearance.

## **Table of Contents**

The foregoing expense amounts do not reflect the potential positive impact to the Company's revenue for increased Commercial Clearance. If CBS Radio Stations, in the aggregate, achieve 95% or greater Commercial Clearance, the Company believes that it will have a larger audience to sell to advertisers and accordingly it should be able to increase its revenue. However, the Company estimates it will take approximately 12 to 18 months for improved Commercial Clearance to impact quarterly audience ratings, meaning any increased rates the Company may be able to charge will not be achievable until such ratings are reported in the marketplace. There can be no assurance that, if CBS Radio Stations increase their Commercial Clearance, the Company will be able to recoup those higher expenses through increased revenue.

Finally, as stated above, the Station Agreements (Network only) include a liquidated damages provision that provides if a Station Agreement is terminated because of a CBS Radio Station's failure to broadcast at least 75% of scheduled commercials for three consecutive months or four non-consecutive months in a twelve-month period, the Company is entitled to 1.25 times the CBS Radio Station's average unit rate for such commercials for two years, and 1.0 times the CBS Radio Station's average unit rate for an additional two years. The Company anticipates this provision would appropriately compensate it for a loss of Commercial Clearance by a Station and permit it to purchase additional commercial inventory in the market to replace that previously provided under that Station Agreement. In addition, such provision provides an additional incentive to CBS Radio Stations to broadcast a high percentage of the Company's commercial inventory. For more information about this provision, see "Compensation" under the summary of the Westwood One Affiliation Agreements.

## **BACKGROUND, RECOMMENDATION AND REASONS**

### **Background of Transaction**

As described above, the Company's relationship with CBS and its predecessor under the Management Agreement began in 1994, was extended in 1999 and again in 2002 and is presently scheduled to expire on March 31, 2009. In early 2006, the Company experienced a significant decline in the amount of audience and quantity and quality of commercial inventory delivered by the CBS Radio Stations due in part to the cancellation of, and loss of syndication opportunities associated with, key national programming and the reduction of commercial inventory levels, including certain RADAR inventory, provided to the Company under various affiliation agreements with Stations.

In addition, in 2006 CBS Radio announced the sale of 39 Stations (24 of which sale transactions have since closed). Such sales meant new owners of the Stations might choose to terminate and/or not continue the affiliation agreements with the Company on a long term basis, or seek to negotiate terms on a less favorable basis to the Company.

In early 2006, as the Company and CBS Radio began to review the current arrangement, as was customary given that the expiration date of the arrangement was March 2009, CBS Radio informed the Company's Board of Directors that CBS Radio was willing to consider all of its options in connection with the current arrangement, including extending certain of the agreements and/or arrangements between the parties and not extending the Management Agreement beyond March 31, 2009. As a result, in the second quarter of 2006, the Board of Directors established the Strategic Review Committee (SRC). The SRC is comprised of all six independent directors and was formed to consider various strategic alternatives available to the Company to enhance shareholder value, including modifying, amending, and extending or renewing the Company's various agreements with CBS and its affiliates, including the Company's programming and distribution arrangements with CBS Radio. The SRC engaged legal and financial advisors to assist it in the strategic process.

During its evaluation process, the SRC determined that terminating the Management Agreement and operating as an independently-managed company would have several advantages, particularly in light of the issues that had arisen in late 2006 between the companies, initially disclosed by the Company in its Form 10-Q for the quarterly period ended



## **Table of Contents**

September 30, 2006, and the potential issues posed by CBS Radio managing the Company. In light of such issues, the SRC determined that any new agreement with CBS should provide the following:

Long-term distribution arrangements that include appropriate adjustments to station compensation based on the audience levels delivered by a Station and its Commercial Clearance.

Financial incentives for good audience and Commercial Clearance levels and financial penalties for poor levels.

Establishing a fixed fee for news programming and identifying specific items of reimbursement in connection with the distribution and production of the news programming.

On-air exclusivity with respect to traffic information on the analog and HD1 signals of CBS Radio Stations.

Exclusive radio distribution rights to CBS news programming and related news programming and rights of first refusal on other CBS content syndications.

Continuity of Station Agreements following Station sales by CBS.

Flexibility for the Company to pursue all strategic alternatives.

The SRC, working with its legal and financial advisors, began negotiations with CBS Radio in the third quarter of 2006. After extensive arms-length negotiations involving the SRC, Company management and CBS Radio and their respective legal and financial advisors, CBS Radio and the Company executed a non-binding letter of intent on April 11, 2007 (the Letter of Intent ) and a press release was issued on April 12, 2007 announcing the execution of the Letter of Intent. The Letter of Intent provided a framework for a long-term distribution and programming arrangement with CBS Radio that would expire on March 31, 2017. The Letter of Intent also contemplated the termination of the existing Management Agreement and Representation Agreement between the Company and CBS Radio. The Letter of Intent provided that no agreement would be binding upon the Company and CBS Radio until the execution of definitive agreements that were approved by the shareholders of the Company, excluding CBS Radio and its affiliates.

Following the execution of the Letter of Intent, the Company and CBS Radio and their respective counsel prepared drafts of the Master Agreement and the other New Transaction Documents reflecting the transactions outlined in the Letter of Intent. The SRC was actively involved in the negotiation of the Master Agreement and other New Transaction Documents and held numerous meetings with Company management and SRC legal and financial advisors to evaluate such agreements and the transactions contemplated thereby. After extensive negotiations, the Company and CBS Radio finalized the Master Agreement and other New Transaction Documents.

On October 2, 2007, after the SRC considered the presentation and advice of its legal and financial advisors and made a favorable recommendation to the Board, the Board approved the form and terms of the Master Agreement and authorized the execution thereof. Later on October 2, 2007, the Master Agreement was executed by the Company and CBS Radio and a press release was issued announcing the execution.

UBS Investment Bank and Moelis Advisors, a division of Mercanti Securities, LLC, advised the SRC in the negotiation of the New Transaction Documents and they are continuing to advise the SRC on strategic alternatives for the Company to enhance shareholder value.

## **Recommendation of the Board of Directors; Reasons for Recommending Approval of the New Transaction Documents**



The Board of Directors of the Company, with Messrs. Berger and Kosann abstaining, determined that the Master Agreement and the transactions contemplated by the Master Agreement are in the best interests of the Company and the shareholders of the Company. The Board of Directors recommends that you vote FOR the approval of the New Transaction Documents and the transactions contemplated by the New Transaction Documents.

**Table of Contents**

In the course of reaching the determinations and making the recommendation described above, the Board of Directors considered the following information and factors:

The Company's business, assets, operations, financial condition, strategy and prospects, as well as the Company's historical performance and projected financial performance.

The Company's reliance on its existing relationship with CBS Radio, which is scheduled to terminate on March 31, 2009, including the fact that CBS Radio provides the Company with a significant portion of the commercial inventory sold by the Company.

The potential material adverse effect on the Company's revenues and results of operations, including but not limited to, a substantial loss of audience and programming, if the existing affiliation and programming arrangements with CBS Radio are not extended beyond their current scheduled termination dates and the Company is unable to replace such substantial audience and programming prior to termination.

The material decline in the amount of audience and quality and quantity of commercial inventory delivered by CBS Radio Stations and the recent declines in Commercial Clearance by the CBS Radio Stations.

The historical performance of CBS Radio under the existing Management Agreement and related documents and the compensation paid to CBS Radio under all agreements.

The recent sales of Stations by CBS and the impact of such sales and potential future Station sales on the Company.

The Board of Directors' understanding of current conditions and relatively recent changes in the radio industry, including the significant amount of technological changes, including those related to content distribution, in recent years.

The terms of the New Transaction Documents and additional considerations, including those summarized above under Overview of New Relationship with CBS.

The potential value of claims being released by the Company against CBS Radio pursuant to the Mutual Release, the likelihood of success on those claims, and the likely impact of pursuing those claims on the future business relationship with CBS Radio, including the willingness of CBS Radio to extend the affiliation and programming relationship beyond March 31, 2009.

The foregoing discussion of the information and factors considered by the Board of Directors (including the information and factors in the Summary and Release and Assessment of Potential Claims sections of this proxy statement) includes the material factors considered by the Board of Directors. In view of the variety of factors considered in connection with its evaluation of the New Transaction Documents, the Board of Directors did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination and recommendation. In addition, individual directors may have given different weights to different factors. The Board of Directors approved and recommends the New Transaction Documents and the transactions contemplated by the New Transaction Documents based upon the totality of the information presented to and considered by it.

**MASTER AGREEMENT**

*The following is a summary of the principal terms of the Master Agreement. This summary does not purport to be complete and is qualified in its entirety by reference to the Master Agreement, a copy of which is furnished herewith as Exhibit A. We urge you to read the Master Agreement in its entirety. **Certain capitalized terms used in this proxy statement without definition are defined in the Glossary beginning on page 69.***

## **Table of Contents**

Pursuant to the Master Agreement, and subject to the conditions described below under Closing Conditions, the Company and CBS have agreed to change their existing business relationship by terminating or amending certain agreements between them (or certain of their affiliates), documenting existing practices between the parties and entering into new agreements.

### **Termination of Management Agreement**

On the Closing Date, the Management Agreement will terminate, CBS will no longer provide a CEO and CFO to manage the business and operations of the Company, and the Company will have no further obligation to compensate CBS thereunder, except that the Company's obligation to indemnify CBS and specified related parties will survive the Management Agreement's termination but only with respect to third party claims. The Company's obligation to provide directors and officers insurance and indemnification to individuals appointed by CBS to serve as directors and senior officers of the Company will also survive termination.

Following termination of the Management Agreement, the Company will be responsible for managing its business and operations directly and employing all of its own officers, including its CEO and CFO, and CBS will have no obligation to reimburse the Company for such payments. As previously announced, Andrew Zaref ceased serving as the Company's CFO on July 12, 2007, and Gary Yusko was appointed as the Company's CFO effective July 16, 2007. Also as previously announced, Mr. Kosann will depart from the Company immediately following the Closing Date, but no earlier than December 31, 2007 and no later than March 18, 2008. The Company and CBS will each be responsible for 50% of the aggregate severance payments to Messrs. Kosann and Zaref with the Company's total obligation relating to such severance capped at \$1.0 million. The obligation of CBS Radio to provide support and administrative personnel needed by the CEO and CFO, including salaries, benefits and related costs of such personnel, also will be terminated as of the Closing Date by the Master Agreement pursuant to the termination of the Management Agreement. In addition, effective on the Closing Date, CBS Radio will cause any individuals employed by it who serve on the Company's Board of Directors to resign from the Company's Board of Directors.

Certain provisions of the existing Management Agreement have been incorporated in the new Master Agreement and will continue in substantially the same manner after the Closing Date. In particular, the right of first refusal to syndicate certain CBS Radio programming will continue through March 31, 2017, and certain non-competition and non-solicitation rights will continue through March 31, 2010 and March 31, 2012, respectively, each as described below.

### ***Right of First Refusal***

Through March 31, 2017, unless CBS Radio is contractually prohibited from doing so, before it or any of its affiliates offers, sells or otherwise makes available for on-air syndication or distribution by a third party of any radio programming featuring talent employed by, or otherwise under contract with, CBS Radio or its affiliates (Syndications), CBS Radio will (except for pre-existing programming contracts and any commercially reasonable renewals or extensions thereof) first offer each such Syndication to the Company on the same terms and conditions as CBS Radio intends to offer, sell or otherwise make available such Syndication. CBS Radio's covenant to first offer Syndications to the Company does not include any web syndication or internet streaming, except for Syndications where CBS Radio has agreed to provide simultaneous internet streaming of on-air radio programming on CBS websites.

### ***Non-Competition***

For the period commencing on the Closing Date and ending on March 31, 2010, except for any transactions or agreements entered into with third parties for traditional remnant re-sale, internet re-sale or automated electronic

re-sale of inventory, or as otherwise agreed by CBS Radio and the Company, CBS Radio will, and will cause its affiliates and its and their officers and employees to, refrain from, either alone or in conjunction with any other person, or directly or indirectly through its or their present or future affiliates:

managing, purchasing, establishing, participating in, or having a substantial ownership interest in (other than through the ownership of 5% or less of any class of securities registered under the Securities Exchange Act of

## **Table of Contents**

1934, as amended), or otherwise lending assistance to, a radio network company, or entering into, or obtaining rights under, any agreement providing for an option to do any of the foregoing. These restrictions shall not apply, however, to any activities engaged in (i) by CBS Radio with respect to CBS Radio Stations or (ii) by any entity which is acquired by CBS Radio or any of its affiliates after the date of the Master Agreement, provided that CBS or such affiliate divests such entity or discontinues conflicting activities within a specified time period;

disclosing (unless compelled by judicial or administrative process) or using any confidential or secret information relating to the Company or any of its clients, customers or suppliers; or

causing or attempting to cause any client, customer or supplier of the Company to terminate or materially reduce its business with the Company. These restrictions shall not apply, however, to any activities engaged in by CBS Radio solely with respect to (i) the sale of ten second sponsorships in or adjacent to traffic reports, subject to limitations described below under *Sale of Advertising Adjacent to Traffic Reports* in the description of the Metro Traffic Agreements, or (ii) the sale of any other advertising by CBS Radio on a station-by-station basis. In addition, CBS Radio and its affiliates will be permitted to continue to sell sponsorships in or adjacent to traffic reports on a station-by-station basis without limitation.

### ***Mutual Non-Solicitation***

During the period from the Closing Date through December 31, 2012, without the prior consent of the other party, neither party nor any of its affiliates will (or will assist or encourage others), directly or indirectly, solicit to hire any employee of the other party or any of its subsidiaries. The non-solicitation covenant does not preclude either party from hiring anyone who contacts such party on his or her own initiative in response to a general advertisement in trade journals, newspapers or similar publications that are not directed at the other party or its affiliates.

### **Termination of Representation Agreement**

On the Closing Date, the Representation Agreement will terminate and the Company's obligation to compensate CBS thereunder will be substantially reallocated to CBS Radio Stations under the Station Agreements as described above in the Summary under *Additional Considerations*. The Company's obligation under the Representation Agreement to indemnify CBS and specified related parties will survive the Representation Agreement's termination but only with respect to third party claims. CBS's obligation under the Representation Agreement to indemnify the Company and specified related parties will also survive such agreement's termination with respect to third party claims only.

### **Station Agreements**

On the Effective Date, the affiliation agreements (i) between CBS Radio and/or CBS Radio Stations and the Company for programming and commercial inventory and (ii) between CBS Radio and/or a CBS Radio Station and Metro Networks Communications, Inc. and/or its affiliates for specified traffic or news reports and/or news information services will terminate and will be replaced by the Station Agreements.

On the Closing Date, the parties will enter into the Westwood One Affiliation Agreements under which the Company will provide news programming and cash compensation to CBS Radio Stations and in return, CBS Radio Stations will broadcast a specified schedule of Company commercials. Also on the Closing Date, the parties will enter into the Metro Affiliation Agreements under which the Company will provide traffic and/or news reports and/or other information and cash compensation and, in return, the CBS Radio Stations will broadcast a specified schedule of Company commercials. The Station Agreements will become effective on the Effective Date.

For a description of the Station Agreements, see Other New Transaction Documents Station Agreements.

## **Table of Contents**

The Company has agreed to guarantee the payment and performance by Metro Networks Communications, Limited Partnership, an affiliate of the Company (Metro LP), of all of Metro LP's obligations under the terms of the Metro Affiliation Agreements on an absolute and unconditional basis. CBS Radio and any other party-in-interest are required to proceed against Metro LP as well as the Company but need not pursue any remedy against Metro LP prior to proceeding directly against the Company. The Company's guarantee will terminate following a sale of substantially all of the assets of the business unit or division providing the services in the Metro Affiliation Agreements in accordance with the provisions described below under Assignments where the purchaser of the business unit assumes or guarantees the obligations under the Metro Affiliation Agreements in accordance with the terms thereof.

## **Mutual Release and Covenant Not to Sue**

On the Closing Date, the parties will enter into a Mutual General Release and Covenant Not to Sue. For a description of the release and an assessment of potential claims against CBS that the Company would release and discharge pursuant thereto, see Description of Mutual Release and Assessment of Potential Claims.

## **Amended and Restated Agreements**

On the Closing Date, the existing News Agreement, TSA and Trademark License will each be amended and restated and the respective term of each extended through March 31, 2017. The Company will continue to have the exclusive right to distribute, on domestic AM/FM terrestrial radio (including high definition radio channels) in the English language, and simulcast on radio station websites via live internet streaming, CBS news programming and related news programming for a fixed annual fee under the Amended and Restated News Programming Agreement. Such programming will be originated by CBS, and delivered by the Company to its radio station affiliates, as provided in the Amended and Restated Technical Services Agreement (the Amended and Restated TSA). Certain CBS trademarks will be licensed to the Company on a non-exclusive basis under the Amended and Restated Trademark License Agreement. For a description of these agreements, see Other New Transaction Documents Amended and Restated News Programming Agreement, Amended and Restated Technical Services Agreement and Amended and Restated Trademark License Agreement.

## **Facilities Arrangements**

On the Closing Date and in connection with entering into the Amended and Restated TSA, CBS Radio and the Company will enter into leases and a sublease for various premises used by the Company to originate, produce and transmit CBS and Company programming, including CBS Radio news programming at the CBS Broadcast Center in New York. See Other New Transaction Documents Facilities Arrangements.

## **Program Agreements**

Effective as of the Closing Date, without further action required by either party, (i) the current agreements relating to *The Adam Carolla Show*, *The Don and Mike Show*, *Autoscoop*, *The Tom Leykis Show* and *NCAA Championships* will continue to be in effect on their current terms and conditions through the earlier of (x) March 31, 2017 and (y) the stated expiration or termination date of such agreements, and (ii) CBS will continue to broadcast specified Company programs (or such replacement or substitute programs that are mutually agreed upon by the parties) at the same time and on the same CBS Radio Stations through the earlier of (x) the expiration of the corresponding term for each such program as agreed to by the parties and (y) the time that such programs are terminated or discontinued by the Company.

## **Standstill**



Prior to December 31, 2007, CBS Radio shall not offer for sale, sell, transfer, tender, pledge, encumber, assign or otherwise dispose of any or all of the 16 million shares of Common Stock currently owned by CBS Radio or its affiliates

**Table of Contents**

(the CBS Shares ), or enter in any agreement or arrangement with respect to any of the foregoing. CBS Radio may however transfer some or all of the CBS Radio Shares to CBS Corporation or any of its subsidiaries.

**Registration Rights**

On the Closing Date, CBS Radio and the Company will enter into a new Registration Rights Agreement (the New Registration Rights Agreement ) to provide CBS Radio with registration rights for the CBS Shares. For a description of the New Registration Rights Agreement, see Other New Transaction Documents New Registration Rights Agreement.

**Cancellation of CBS Warrants**

On the Closing Date, CBS Radio will assign to the Company all of its right, title and interest in and to the warrants to purchase Common Stock currently held by CBS or CBS affiliates (the CBS Warrants ), and the CBS Warrants will be retired. The existing Registration Rights Agreement with respect to the CBS Warrants will be cancelled and terminated.

**Certain Payments Due at Closing**

On or prior to the Closing Date, the Company has agreed to pay CBS certain past due amounts owed to CBS Radio and its affiliates under existing agreements between the parties, such payments estimated to be approximately \$12.8 million as of October 2, 2007 (the date of the Master Agreement). The Company has also agreed to make timely payment to CBS Radio at closing of all additional amounts under the existing agreements which become due after the date of the Master Agreement. In addition, on the Closing Date, the Company will pay CBS \$5.0 million in connection with the CBS transactions.

**Contingent Clearance Payment by CBS**

CBS Radio will pay the Company \$2.0 million in the event that Commercial Clearance during calendar year 2008 for CBS Radio's top ten markets (as determined by Arbitron) is less than 93.75%. This amount will be paid (if required in accordance with the foregoing) no later than 30 days after the final determination of Commercial Clearance for 2008. In lieu of receiving such payment from CBS, the Company will, at its option, be entitled to reduce by \$2.0 million any future amounts owed to CBS.

**Clearance Bonus**

CBS Radio will be entitled to earn an annual bonus (the Clearance Bonus ) during the term of the Westwood One Affiliation Agreements based on Commercial Clearance by the CBS Radio Stations in the aggregate as follows:

<b>Commercial Clearance</b>	<b>Potential Bonus Payment</b>	
<sup>3</sup> 95.0%	\$	4.0 million
94.0%	\$	3.5 million
93.0%	\$	2.8 million
92.0%	\$	2.2 million
91.0%	\$	1.4 million
90.0%	\$	0.7 million
< 90.0%	\$	0.0 million

The Clearance Bonus between the Commercial Clearance percentages above will be interpolated on a straight line basis and, if earned, paid no later than the end of the first calendar quarter after the year in which payment of the

## **Table of Contents**

Clearance Bonus is determined. Any Clearance Bonus for less than a full calendar year (e.g., 2017) will be prorated based on the number of full months the Westwood One Affiliation Agreements are in effect for such partial year. The parties have agreed, however, that if the Closing Date occurs after February 29, 2008, the Clearance Bonus for calendar year 2008 will be calculated as if the Closing Date had been February 29, 2008.

## **Deferral Right**

The Company will have the right on no more than two occasions during the first 24 months after the Effective Date to defer payments owed or payable to CBS under the Station Agreements (excluding the Clearance Bonus, if any) so long as the Company has not breached any material provision of the Station Agreements. The Company may exercise a payment deferral once per 12 month period but may not exercise a payment deferral in successive calendar quarters. In addition, the Company may not exercise a payment deferral if at that time it owes CBS or would owe CBS after giving effect to any payment deferral, in the aggregate, more than \$4.0 million under the Station Agreements. A payment may not be deferred for a period of more than 12 months from the original due date applicable to such payment.

## **Closing Conditions**

### ***Company***

The obligations of the Company to consummate the transactions contemplated by the Master Agreement (including entering into the other New Transaction Documents) are subject to the satisfaction or waiver of a number of conditions, including:

approval of the New Transaction Documents by the affirmative vote of the shareholders representing a majority of the Common Stock and Class B Stock (not including those shares beneficially owned by CBS Radio or its affiliates) present in person or by proxy at the annual meeting, voting together as a single class (the Shareholder Approval );

successful refinancing or modification (the Refinancing ) of certain of the Company's debt agreements, as may be required, in a manner that the Company's Board of Directors reasonably determines permits the Company to conduct its business operations in compliance with its legal and financial obligations, including its obligations under the New Transaction Documents (the Refinancing Condition );

performance by CBS Radio in all material respects of its covenants and obligations under the Master Agreement;

accuracy in all material respects of the representations and warranties of CBS Radio in the Master Agreement;

no event shall have occurred which has had or would reasonably be expected to have a material adverse effect on CBS Radio or the CBS Radio Stations or the ability of CBS Radio to perform its obligations under the Master Agreement or the other New Transaction Documents; and

no injunction, judgment or ruling shall be in effect enjoining, restraining, preventing or prohibiting consummation of the transactions contemplated by the Master Agreement or making the consummation of any such transactions illegal (a Restraint ).

The Company has agreed to use reasonable best efforts to consummate the Refinancing. However, there can be no assurance that the Company will be successful in consummating the Refinancing.

## **Table of Contents**

### ***CBS Radio***

The obligations of CBS to consummate the transactions contemplated by the Master Agreement (including entering into the other New Transaction Documents) are subject to the satisfaction or waiver of a number of conditions, including:

the Shareholder Approval having been obtained;

the Refinancing having been consummated, in form and substance reasonably satisfactory to CBS such that none of the transactions contemplated by the New Transaction Documents will constitute a breach or event of default or otherwise trigger any acceleration, termination or similar provision under the Company's loan agreement or note purchase agreement;

the Company will have made all of the payments to CBS described above under Certain Payments Due at Closing ;

performance by the Company in all material respects of its covenants and obligations under the Master Agreement;

accuracy in all material respects of the representations and warranties of the Company in the Master Agreement;

no event (excluding any that could have been prevented or materially mitigated by CBS in its capacity as manager) shall have occurred which has had or would reasonably be expected to have a material adverse effect on the Company or the ability of the Company to perform its obligations under the Master Agreement or the other New Transaction Documents; and

no Restraint shall be in effect.

### **Indemnification**

From and after the Closing Date, CBS Radio and the Company shall indemnify and hold the other party, its affiliates and their respective directors, officers, affiliates, employees and agents, and the predecessors, successors and assigns of any of them (collectively, the Indemnified Persons ), harmless from and against any and all actions, claims, damages and liabilities, whether or not arising out of third party claims, and as and when incurred, caused by, relating to, based upon or arising out of (directly or indirectly) (i) any breach of, or inaccuracy in, any representation or warranty of either party set forth in the Master Agreement and (ii) any breach of any covenant or agreement of either party set forth in the Master Agreement.

### **Change of Control and Related Covenants**

The following is referred to as the Master Change of Control Provisions elsewhere in this proxy statement, as such provisions are applicable to other provisions noted below (e.g., provisions relating to assignment of the Master Agreement and the other New Transaction Documents).

The Company agrees:

from the date of the Master Agreement until March 31, 2017, without the consent of CBS Radio (which consent will not be unreasonably withheld), and subject to certain exceptions, no former chief executive

officer of the Company who served in such capacity after February 1994 (the date of the initial management

## **Table of Contents**

agreement with CBS) will, with the express or implied consent (by agreement, participation or otherwise) of the Company:

1. be or become a director, officer, partner, employee or manager of, or consultant or advisor to, the Company or any of its affiliates or an Acquiring Person (as defined below) or any of its affiliates;
2. have, or have the right, directly or indirectly, to exercise managerial control of the Company or any of its affiliates or an Acquiring Person or any of its affiliates; or
3. beneficially own, directly or indirectly, more than 25% of the equity or voting interests of the Company or any of its affiliates or an Acquiring Person or any of its affiliates;

(For purposes of the above bullet, an Acquiring Person shall mean any person or entity which, directly or indirectly, beneficially owns, or acquires, or proposes to acquire, in a single transaction or series of related transactions, (x) more than 50% of the equity or voting interests of the Company, (y) all or substantially all of the assets of the Company or (z) all or substantially all of the assets comprising any significant business unit or division of the Company.)

if a competitor of CBS Radio that owns or operates radio stations (a Competitor ) acquires, or proposes to acquire, more than 50% of the equity or voting interests of the Company in a single transaction or series of related transactions (each, a Change of Control ), the Company will:

1. take reasonable steps to protect CBS Radio's confidential information and to protect against the dissemination of such confidential information to personnel at such Competitor who are engaged in operations or activities that are, in CBS Radio's good faith judgment, competitive with the operations or activities of CBS Radio;
2. develop and put into effect written policies and procedures to ensure that confidential information that contains competitively sensitive information is not disclosed to personnel at the Competitor that are engaged in such competitive operations or activities; and
3. take reasonable steps to ensure that the level of service provided by the Company to CBS Radio is comparable to the level of service historically provided by the Company to CBS and not materially less favorable, taken as a whole, than the level of service provided by the Company and/or Competitor following the consummation of such Change of Control; and

in the event of a Change of Control, the licenses granted to the Company under the Amended and Restated Trademark License Agreement will be modified to limit the right to use the licensed tradename and trademarks solely in connection with identifying any CBS programming consistent with past practice, and no other intellectual property of CBS Radio will thereafter be permitted to be used as part of the business of the Company or the Competitor.

## **Termination**

The Master Agreement may be terminated in the following circumstances. If the Master Agreement is terminated after the Closing Date, the other New Transaction Documents will also terminate. The termination rights described below in italics are referred to as the Common Termination Provisions elsewhere in this proxy statement as those termination provisions are applicable to the Other New Transaction Documents, except that references to Master Agreement in the termination provisions below shall be deemed to refer to the other New Transaction Documents, as applicable.



by mutual written consent of CBS and the Company;

**Table of Contents**

by either party, if:

1. the Shareholder Approval is not obtained following a vote of the Company's shareholders at a meeting of shareholders seeking Shareholder Approval;
2. the Closing Date has not occurred by February 29, 2008 (the Drop Dead Date ), except that such right to terminate the Master Agreement will not be available to any party whose failure to fulfill any obligation under the Master Agreement was the cause of, or resulted in, the failure of the closing to occur on or prior to the Drop Dead Date. The Drop Dead Date will be extended if the closing is prevented from occurring as a result of a Restraint being in effect on February 29, 2008 to the earlier of (x) 15 business days after such Restraint is no longer in effect and (y) June 30, 2008. The Drop Dead Date will also be extended if Shareholder Approval is not obtained on or prior to February 29, 2008 as a result of the SEC not clearing for mailing this proxy statement by January 25, 2008 to the earlier of (x) 15 business days after Shareholder Approval is obtained and (y) March 31, 2008; or
3. *the following three items occur: (a) a party notifies the other party in writing that such other party is in material breach of one or more of its specified material covenants (other than payment covenants) under the Master Agreement and such breach is not cured within 30 days of receipt of such written notice, (b) such party submits to arbitration such breach or breaches and requests termination as a remedy and (c) the arbitrator determines that the breaching party has in fact materially breached one or more specified material covenants (other than payment covenants) under the Master Agreement, that such breach or breaches were not cured and have caused significant harm to the non-breaching party and that termination of the Master Agreement is an appropriate remedy (after considering other appropriate remedies short of termination); or*

by CBS Radio, if:

1. *the Company fails to pay an undisputed amount owed to CBS Radio under the Master Agreement following 30 days' written notice;*
2. *the Company fails to pay an amount owed to CBS Radio that was previously disputed but has since been determined by arbitration or mutual agreement of the parties to be owed to CBS Radio under the Master Agreement, within 15 days of such arbitration award or following 15 days' written notice of such mutual agreement; or*
3. *following 30 days' written notice if two or more disputed payments are submitted to arbitration, such disputed payments are not deposited with an escrow agent within five business days following submission to arbitration and the arbitrator finds in each case that the amount claimed by CBS Radio under the Master Agreement is in fact properly payable to CBS Radio.*

The Master Agreement may also be terminated upon 30 days' written notice to the breaching party following the occurrence of a Fundamental Default.

**Assignment**

Neither CBS nor the Company may assign its rights or obligations under the Master Agreement without the prior written consent of the other party, subject to the following exceptions:

*Company*

Subject to the Master Change of Control Provisions (see Change of Control and Related Covenants ), the Company may assign all or any of its rights and related obligations to (i) any of its controlled affiliates, or (ii) a third party who acquires more than (x) 50% of the equity or voting interests of the Company, (y) all or substantially all of the assets of the Company or

## **Table of Contents**

(z) all or substantially all of the assets comprising any significant business unit or division of the Company, in each case, in a single transaction or series of related transactions, without the prior consent of CBS Radio, provided that:

in the case of any assignment in connection with the sale of all or substantially all of the assets comprising any significant business unit or division of the Company, such assignment shall be limited to those rights and related obligations that are related to such business unit or division;

the assignee assumes all of the obligations relating to the rights being assigned; and

no such assignment will relieve the Company from any of its obligations or liabilities under the Master Agreement, except as specifically provided.

### ***CBS Radio***

CBS Radio may assign, without the prior consent of the Company, all or any of its rights or obligations under the Master Agreement to:

any of its affiliates, and

any third party who acquires any CBS Radio Station, to the extent the assigned rights are related to the CBS Radio Stations acquired thereby, provided that no such assignment will relieve CBS Radio from any of its obligations or liabilities under the Master Agreement.

In respect of any assignment of CBS Radio's rights and related obligations to any third party who is not an affiliate of CBS Radio, the Company's prior written consent shall not be unreasonably withheld.

A sale of either party as an entity, whether directly or indirectly and whether by merger, asset sale, stock sale or otherwise, shall not constitute an assignment for purposes of the Master Agreement or otherwise require the consent of the other party. A sale of the Company, however, remains subject to the Master Change of Control Provisions described above.

The assignment rights described above are generally applicable to the other New Transaction Documents, except that reference to Master Agreement in the foregoing assignment provisions shall be deemed to refer to the other New Transaction Documents, as applicable.

### **Arbitration**

The parties to the Master Agreement have agreed to submit any dispute, controversy or claim arising out of or relating to the Master Agreement, or the breach, termination or validity thereof, on the demand of any party, to binding arbitration. However, any party shall have the right to seek injunctive relief against the other party in the courts of New York, New York, prior to the resolution of any dispute by arbitration.

## **RELEASE AND ASSESSMENT OF POTENTIAL CLAIMS**

### **Description of Mutual Release**

*On the Closing Date, the Company and CBS will enter into a Mutual General Release and Covenant Not to Sue. The following is a summary of the material terms of this Mutual Release. This summary is qualified in its entirety by reference to the complete text of the Mutual Release, which is attached as Exhibit J to the Master Agreement. We urge*

*you to read the Mutual Release in its entirety.*

**Table of Contents**

Pursuant to the Mutual Release, the Company and CBS agree to release each other, as of the Closing Date, from a broad scope of claims allegedly arising out of the relationship between the two companies. Specifically, the Company would agree under the Mutual Release to release and discharge CBS of all claims known and unknown as of the Closing Date that relate to or arise out of:

any act or failure to act by CBS in connection with the Management Agreement or the provision of management services by CBS under that agreement;

any act or failure to act by CBS in connection with the provision of products and services under the agreements governing the relationship between the Company and CBS other than the Management Agreement;