WESTWOOD ONE INC /DE/
Form 10-K/A
April 29, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K/A
(Amendment No. 1)

(Mark One)

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2007

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission file number 001-14691
WESTWOOD ONE, INC.
(Exact name of registrant as specified in its charter)

Delaware	**95-3980449**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
40 West 57th Street New York, NY (Address of principal executive offices)	10019 (Zip Code)

Registrant s telephone number, including area code: (212) 641-2000
Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock, par value $0.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes o No þ

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of large accelerated filer , accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer o Accelerated filer þ Non-accelerated filer o Smaller reporting company o

(Do not check if a smaller reporting company)

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

The aggregate market value of Common stock held by non-affiliates of the registrant was approximately $507.7 million based on the last reported sales price of the registrant s Common stock on June 29, 2007 and assuming solely for the purpose of this calculation that all directors and officers of the registrant are affiliates. The determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of January 31, 2008, 87,118,088 shares (excluding treasury shares) of Common stock, par value $0.01 per share, were outstanding and 291,722 shares of Class B Stock, par value $0.01 per share, were outstanding.

Explanatory Note

This Amendment No. 1 on Form 10-K/A amends our Annual Report on Form 10-K for the year ended December 31, 2007 filed with the SEC on March 14, 2008 (the Original 10-K). This amendment replaces the information previously incorporated by reference in Part III of the Original 10-K with the actual text for Part III of Form 10-K.

Except for the information described above, the Company has not modified or updated disclosures provided in the Original 10-K in this Form 10-K/A. Accordingly this Form 10-K/A does not reflect events occurring after the filing of the Original 10-K or modify or update those disclosures affected by subsequent events. Information not affected by this amendment is unchanged and reflects the disclosures made at the time the Original 10-K was filed.

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PART I

Item 1. Business

In this report, Westwood One, Company, registrant, we, us and our refer to Westwood One, Inc.

General

We supply radio and television stations with information services and programming. We are one of the largest domestic outsource provider of traffic reporting services and one of the nation s largest radio networks, producing and distributing national news, sports, talk, music and special event programs, in addition to local news, sports, weather, video news and other information programming.

We derive substantially all of our revenue from the sale of :10 second, :30 second and :60 second commercial airtime to advertisers. We obtain the commercial airtime we sell to advertisers from radio and television affiliates, or other distribution partners, in exchange for the programming or information services it provides to them. We often supplement the commercial airtime we receive from programming and information services by providing affiliates with compensation to obtain additional commercial airtime. That commercial airtime is sold to local/regional advertisers (typically :10 second commercial airtime) and to national advertisers (typically :30 or :60 second commercial airtime). By purchasing commercial airtime from us, advertisers are able to have their commercial messages broadcast on radio and television stations throughout the United States, reaching demographically defined listening audiences.

We provide local traffic and information broadcast reports in over 95 of the top 100 Metro Survey Area markets (referred to herein as MSA markets) in the United States. We also offer radio stations traditional news services, including CBS Radio news and CNN Radio news, in addition to weekday and weekend news and entertainment features and programs. These programs include: major sporting events, including the National Football League, NCAA football and basketball games, the National Hockey League, the Masters and the Olympics, live personality intensive talk shows, live concert broadcasts, countdown shows, music and interview programs and exclusive satellite simulcasts with cable networks.

We continue to develop alternative revenue streams generally by leveraging our existing resources and creating new distribution channels for our extensive content. We provide programming to satellite radio services, services to complimentary distribution channels, data for digital map and automotive navigation systems, and for distribution into all electronic mediums.

Until recently, we were managed for fourteen years by CBS Radio Inc. (CBS Radio ; previously known as Infinity Broadcasting Corporation (Infinity)), a wholly-owned subsidiary of CBS Corporation, pursuant to a management agreement between CBS Radio (then Infinity) and us which was scheduled to expire on March 31, 2009 (the Management Agreement). On October 2, 2007, we entered into a definitive agreement with CBS Radio documenting a long-term arrangement through March 31, 2017. The closing under such agreement occurred on March 3, 2008 and on such date, the Management Agreement and CBS Representation Agreement terminated. As part of the new arrangement, CBS Radio agreed to broadcast our commercial inventory for our Network and Traffic and Information divisions through March 31, 2017 in exchange for certain programming and/or cash compensation. In addition, certain existing agreements between CBS Radio and us, including the News Programming Agreement, the Technical Services Agreement and the Trademark License Agreement were amended and restated through March 31, 2017.

Industry Background

Radio Broadcasting

There are approximately 11,000 commercial radio stations in the United States.

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A radio station selects a style of programming (format) to attract a target listening audience and thereby attracts advertisers that are targeting that audience demographic. There are many formats from which a station may select, including news, talk, sports and various types of music and entertainment programming.

A radio station has two principal ways of effectively competing for revenue. First, it can differentiate itself in its local market by selecting and successfully executing a format targeted at a particular audience thus enabling advertisers to place their commercial messages on stations aimed at audiences with certain demographic characteristics. A station can also broadcast special programming, syndicated shows, sporting events or national news products, such as those supplied by us, not available to its competitors within its format. National programming broadcast on an exclusive geographic basis can help differentiate a station within its market, and thereby enable a station to increase its audience and advertising revenue.

In addition to the traditional terrestrial radio stations, new technologies and services have entered the marketplace. Currently, there are a number of satellite-based broadcasters with programming very similar to traditional radio. Additionally, the radio industry has begun to roll out HD High Definition channels which may effectively increase the number of radio stations in the United States.

Radio Advertising

Radio advertising time can be purchased on a local, regional or national basis. Local and regional purchases allow an advertiser to choose a geographic market for the broadcast of commercial messages. Local and regional purchases are typically best suited for an advertiser whose business or ad campaign is in a specific geographic area. Advertising purchased from a national radio network allows an advertiser to target its commercial messages to a specific demographic audience, nationally, on a cost-efficient basis. In addition, an advertiser can choose to emphasize its message in a certain market or markets by supplementing a national purchase with local and/or regional purchases.

To plan its estimated network audience delivery and demographic composition, specific historical measurement information is available to advertisers from independent rating services such as Arbitron and their RADAR rating service. The rating service provides historical demographic information such as the age and gender composition of the listening audiences. Consequently, advertisers can predict that their advertisements are being heard by their target listening audience.

In addition to targeting and reaching defined audiences, our products provide creative marketing opportunities, including endorsements by trusted personalities, product integration, association with high quality and desirable blue chip programming and on-location sponsorship opportunities at cost effective rates.

Business Strategy/Services

Our business strategy is to provide for the programming needs of radio stations by supplying to radio stations programs and services that individual stations may not be able to produce on their own on a cost effective basis. We offer radio stations traffic and news information, as well as a wide selection of regularly scheduled and special event syndicated programming. The information and programs are produced by us and, therefore, the stations typically have virtually no production costs. With respect to our programs, each program is offered for broadcast by us exclusively to one station in its geographic market, which assists the station in competing for audience share in its local marketplace. In addition, except for news programming, our programs contain available commercial airtime that the stations may sell to local advertisers. We typically distribute promotional announcements to the stations and occasionally places advertisements in trade and consumer publications to further promote the upcoming broadcast of its programs.

We expanded our product offerings in 1996 to include providing local traffic, news, sports and weather programming to radio stations and other media outlets in selected cities across the United States. This expansion gave our advertisers the ability to easily supplement their national purchases with local and regional purchases from us. It also allowed us to develop relationships with local and regional advertisers.

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We enter into affiliation arrangements with radio stations which require the affiliate to provide us with a specific number of commercial positions which it aggregates by similar day and time periods and resells to its advertisers. Some affiliation agreements also require a station to broadcast our programs and to use a portion of the program s commercial slots to air national advertisements and any related promotional spots.

Affiliation arrangements specify the number of times and the approximate daypart each program and advertisement may be broadcast. We require that each station complete and promptly return to us an affidavit (proof-of-performance) that verifies the time of each broadcast. Affiliation agreements generally run for a period of at least one year and are automatically renewable for subsequent periods. We have agreements with over 5,000 radio stations, many of which have more than one arrangement.

We have personnel responsible for station sales and marketing its programs to radio stations. Our staff develops and maintains close, professional relationships with radio station personnel to provide them with quick programming assistance.

Local Traffic and Information Programming

Through our Traffic and Information Division, we provide traffic reports and local news, weather and sports information programming to radio and television affiliates.

We gather traffic and other data utilizing our information-gathering infrastructure, which includes aircraft (helicopters and airplanes), broadcast-quality remote camera systems positioned at strategically located fixed positions and on aircraft, mobile units and wireless systems, and by accessing various government-based traffic tracking systems. We also gather information from various third-party news and information services. The information is processed, converted into broadcast copy and entered into our computer systems by our local writers and producers. This permits us to easily re-sell the information to third parties for distribution through the internet, wireless devices or personal digital assistants (PDAs) and various other distribution channels. Our professional announcers read the customized reports on the air. Our information reports (including the length of report, content of report, specific geographic coverage area, time of broadcast, number of reports aired per day, broadcaster s style, etc.) are customized to meet each individual affiliate s requirements. We typically work closely with the program directors, news directors and general managers of our affiliates to ensure that our services meet the affiliates goals and standards. We and the affiliates jointly select the on-air talent to ensure that each on-air talent s style is appropriate for the station s format. Our on-air talent often becomes integral personalities on such affiliate stations as a result of their significant on-air presence and interaction with the stations on-air personnel. In order to realize operating efficiencies, we endeavor to utilize our professional on-air talent on multiple affiliate stations within a particular market.

We believe that our extensive fleet of aircraft and other information-gathering technology and broadcast equipment have allowed us to provide high quality programming, enabling us to retain and expand our affiliate base. In the aggregate, we utilize approximately: 77 helicopters and fixed-wing aircraft; 20 mobile units; 30 airborne camera systems; 182 fixed-position proprietary cameras; 65 broadcast studios and approximately 1,500 broadcasters and producers. We also maintain a staff of computer programmers and graphics experts to supply customized graphics and other visual programming elements to television station affiliates. In addition, our operation centers and broadcast studios have sophisticated computer technology, video and broadcast equipment and cellular and wireless technology, which enables our on-air talent to deliver reports to our affiliates. The infrastructure and resources dedicated to a specific market by us are determined by the size of the market, the number of affiliates we serve in the market and the type of services being provided. We believe our long-standing and continued investment in incident data and traffic gathering infrastructure differentiates us from our competitors.

We generally do not require our affiliates to identify us as the supplier of our information reports. This provides our affiliates with a high degree of customization and flexibility, as each affiliate has the right to present the information reports provided by us as if the affiliate had generated the reports with its own resources.

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As a result of our extensive network of operations and talent, we regularly report breaking and important news stories and provide our affiliates with live coverage of these stories. We are able to customize and personalize our reports of breaking stories using our individual affiliates call letters from the scene of news events as we did when providing live airborne coverage of the September 11th terrorist attack on the World Trade Center and Hurricane Katrina. By using our news helicopters, we feed live video to television affiliates around the country. Moreover, by leveraging our infrastructure, the same reporters provide live customized airborne reports for our radio affiliates via our Metro Source service, which is described below. We believe that we are the only radio network news organization that has local studio operations that cover in excess of 90 markets and that is able to provide customized reports to these markets.

Metro Source, an information service available to subscribing affiliates, is an information system and digital audio workstation that allows our news affiliates to receive via satellite and view, write, edit and report the latest news, features and show preparation material. With this product, we provide continuously updated and breaking news, weather, sports, business and entertainment information to our affiliate stations which have subscribed to the service. Information and content for Metro Source is primarily generated from our staff of news bureau chiefs, state correspondents and professional news writers and reporters.

Local, regional and national news and information stories are fed to our national news operations center in Phoenix, Arizona where the information is verified, edited, produced and disseminated via satellite to our internal Metro Source workstations located in each of our operations centers and to workstations located at affiliate radio stations nationwide. Metro Source includes proprietary software that allows for customizing reports and editing in both audio and text formats. The benefit to stations is that Metro Source allows them to substantially reduce time and cost from the news gathering and editing process at the station level, while providing greater volume and quality news and information coverage from a single source.

Television Programming Services

We supply Television Traffic Services (MetroTV Services) to over 190 television stations. Similar to our radio programming services, we supply our MetroTV Services customized information reports which are generally delivered on air by our reporters to our television station affiliates. In addition, we supply customized graphics and other visual programming elements to our television station affiliates.

We utilize live studio cameras in order to enable our traffic reporters to provide our Video News Services on television from our local broadcast studios. In addition, we provide Video News Services from our aircraft and fixed-position based camera systems. The Video News Services include: (i) live video coverage from strategically located fixed-position camera systems; (ii) live video news feeds from our aircraft; and (iii) full-service, 24 hours per day/7 days per week video coverage from our camera crews using broadcast quality camera equipment and news vehicles.

SmartRoute Systems

SmartRoute (SRS), whose operating assets were acquired by us in 2000, develops non-broadcast traffic information. SRS develops innovative techniques for gathering local traffic and transportation information, as well as new methods of distributing such information to the public. We are currently working with several public and private entities across the United States to improve dissemination of traffic and transportation information. SRS revenue is not presently a significant source of revenue to us.

Through SRS, we collect, organize and distribute a database of advanced traveler information to automobiles, homes and offices through various electronic media and telecommunications. We deliver our information under the SRS brand name. In addition, we have participated in a number of Federal and State funded Intelligent Transportation System projects, including various operational 511 Interactive Voice Response (IVR), advanced web sites, and combined advanced traveler and transit information systems for Massachusetts, Florida, North Carolina, Virginia, Missouri and New Jersey Departments of Transportation. SRS also operates Traffic Management Centers for Jacksonville, Florida; Massachusetts; South East Florida; and New Jersey Departments of Transportation.

We have been working with a variety of private companies to deploy commercial products and services involving traveler information. These relationships allow for the provision of information on a personalized basis through numerous delivery mechanisms, including the internet, paging, FM subcarrier, traditional cellular and newly-developed and evolving wireless systems. Information can be delivered to a wide array of devices including pagers, computers, and in-vehicle navigation and information systems. In particular, we have been aggressively working to expand our Real-Traffic product line primarily by adding real-time traffic information on the internet.

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National Radio Programming

We produce and distribute regularly scheduled and special syndicated programs, including exclusive live concerts, music and interview shows, national music countdowns, lifestyle short features, news broadcasts, talk programs, sporting events and sports features.

We control most aspects of the production of our programs, and accordingly, are able to customize our programs to respond to current and/or changing listening preferences. We produce regularly scheduled short-form programs (typically five minutes or less) and long-form programs (typically 60 minutes or longer). Typically, the short-form programs are produced at our in-house facilities located in Culver City, California, and New York, New York. The long-form programs include shows produced primarily at our in-house production facilities and recordings of live concert performances and sports events made on location.

We also produce and distribute special event syndicated programs. In 2007, we produced and distributed numerous special event programs, including exclusive radio broadcasts of The GRAMMY Awards, the Academy of Country Music Awards, MTV Music Awards and the BET Awards, among others.

We obtain most of the programming for our concert series by recording live concert performances of prominent recording artists. The agreements with these artists often provide the exclusive right to broadcast the concerts worldwide over the radio (whether live or pre-recorded) for a specified period of time. We may also obtain interviews with the recording artist and retain a copy of the recording of the concert and the interview for use in our radio programs and as additions to our extensive tape library. The agreements provide the artist with master recordings of their concerts and nationwide exposure on affiliated radio stations. In certain of these cases, the artists may receive compensation.

Our syndicated programs are primarily produced at our in-house production facilities. We determine the content and style of a program based on the target audience we wish to reach. We assign a producer, writer, narrator or host, interviewer and other personnel to record and produce the programs. Because we control the production process, we can refine the programs content to respond to the needs of our affiliated stations and national advertisers. In addition, we can tailor program content in response to current and anticipated audience demand.

We believe that our tape library is a valuable resource for use in future programming and revenue generating capabilities. The library contains previously broadcast programs, thousands of live concert performances; over 16,000 artist interviews; daily news programs; sports and entertainment features; Capitol Hill hearings and other special events. New programs can be created and developed at a low cost by excerpting material from the library.

Advertising Sales and Marketing

We package our radio commercial airtime on a network basis, covering all affiliates in relevant markets, either locally, regionally or nationally. This packaged airtime typically appeals to advertisers seeking a broad demographic reach. Because we generally sell our commercial airtime on a network basis rather than station-by-station, we do not compete for advertising dollars with individual local radio station affiliates. We believe that this is a key factor in maintaining our affiliate relationships. We package our television commercial airtime on a local, regional and national network basis. We have developed a separate sales force to sell our television commercial airtime and to optimize the efforts of our national internal structure of sales representatives. Our advertising sales force is comprised of approximately 130 sales representatives and sales managers, who are part of a larger sales workforce.

In most of the markets in which the Traffic and Information Division conducts operations, we maintain an advertising sales office as part of our operations center. Our advertising sales force is able to sell available commercial airtime in any and all of our markets in addition to selling such airtime in each local market, which we believe affords our sales representatives an advantage over certain competitors. For example, an airline advertiser can purchase sponsorship advertising packages in multiple markets from our local sales representative in the city in which the airline is headquartered.

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Our typical radio advertisement for traffic and information programming consists of an opening announcement and a ten-second commercial message presented immediately prior to, in the middle of, or immediately following a regularly scheduled information report. Because we have numerous radio station affiliates in each of our markets (averaging approximately 25 affiliates per market in our top 50 markets), we believe that our traffic and information broadcasts reach more people, more often, in a higher impact manner than can be achieved using any other advertising medium. We combine our commercial airtime into multiple sponsorship packages which we sell as an information sponsorship package to advertisers throughout our networks on a local, regional or national basis, primarily during morning and afternoon drive periods.

We believe that the positioning of advertisements within or adjacent to our information reports appeals to advertisers because the advertisers messages are broadcast along with regularly scheduled programming during peak morning and afternoon drive times when a majority of the radio audience is listening. Radio advertisements broadcast during these times typically generate premium rates. Moreover, surveys commissioned by us demonstrate that because our customized information reports are related to topics of significant interest to listeners, listeners often seek out our information reports. Since advertisers messages are embedded in our information reports, such messages have a high degree of impact on listeners and generally will not be pre-empted (i.e., moved by the radio station to another time slot). Most of our advertisements are read live by our on-air talent, providing our advertisers with the added benefit of an implied endorsement for their product.

Our Network Division provides national advertisers with a cost-effective way to communicate their commercial messages to large listening audiences nationwide through purchases of commercial airtime in our national radio networks and programs. An advertiser can obtain both frequency (number of exposures to the target audience) and reach (size of listening audience) by purchasing advertising time from us. By purchasing time in networks or programs directed to different formats, advertisers can be assured of obtaining high market penetration and visibility as their commercial messages will be broadcast on several stations in the same market at the same time. On occasion, we support our national sponsors with promotional announcements and advertisements in trade and consumer publications. This support promotes the upcoming broadcasts of our programs and is designed to increase the advertisers target listening audience.

In most cases, we provide our MetroTV Services to television stations in exchange for thirty-second commercial airtime that we package and sell on a national basis. The amount and placement of the commercial airtime that we receive from television stations varies by market and the type of service provided by us. As we have provided enhanced television video services, we have been able to acquire more valuable commercial airtime. We believe that it offers advertisers significant benefits because, unlike traditional television networks, we often deliver more than one station in major markets and advertisers may select specific markets.

We have established a morning TV news network for our advertisers commercials to air during local news programming and local news breaks in most dayparts. Because we have affiliated a large number of network television stations in major markets, our morning news network delivers a significant national household rating in an efficient and compelling local news environment. As we continue to expand our service offerings for local television affiliates, we plan to create additional news networks to leverage our television news gathering infrastructure.

Competition

In the MSA markets in which we operate, we compete for advertising revenue with local print and other forms of communications media, including magazines, local radio, outdoor advertising, network radio and network television advertising, transit advertising, direct response advertising, yellow page directories, internet/new media and point-of-sale advertising. Although we are significantly larger than the next largest provider of traffic and local information services, there are several multi-market operations providing local radio and television programming services in various markets. Furthermore, in recent history, the radio industry has experienced a significant increase in the number of shorter-duration commercial inventory. Also, the consolidation of the radio industry has created opportunities for large radio groups, such as Clear Channel Communications, CBS Radio, ABC and Citadel and other station owners to gather information on their own.

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In marketing our programs to national advertisers, we directly compete with other radio networks as well as with independent radio syndication producers and distributors. As a result of consolidation in the radio industry, companies owning large groups of stations have begun to create competing networks that have resulted in additional competition for local, regional and network radio advertising expenditures. In addition, we compete for advertising revenue with network television, cable television, print and other forms of communications media. We believe that the quality of our programming and the strength of our station relations and advertising sales forces enable us to compete effectively with other forms of communication media. We market our programs to radio stations, including affiliates of other radio networks that we believe will have the largest and most desirable listening audience for each of our programs. We often have different programs airing on a number of stations in the same geographic market at the same time. We believe that in comparison with any other independent radio syndication producer and distributor or radio network we have a more diversified selection of programming from which national advertisers and radio stations may choose. In addition, we both produce and distribute programs, thereby enabling us to respond more effectively to the demands of advertisers and radio stations.

The increase in the number of program formats has led to increased competition among local radio stations for audience. As stations attempt to differentiate themselves in an increasingly competitive environment, their demand for quality programming available from outside programming sources increases. This demand has been intensified by high operating and production costs at local radio stations and increased competition for local advertising revenue.

Government Regulation

Radio broadcasting and station ownership are regulated by the Federal Communications Commission (the FCC). As a producer and distributor of radio programs and information services, we are generally not subject to regulation by the FCC. The Traffic and Information Division utilizes FCC regulated two-way radio frequencies pursuant to licenses issued by the FCC.

Employees

On December 31, 2007, we had approximately 2,000 employees, including 672 part-time employees. In addition, we maintain continuing relationships with numerous independent writers, program hosts, technical personnel and producers. Approximately 570 of our employees are covered by collective bargaining agreements. We believe relations with our employees, unions and independent contractors are satisfactory.

Available Information

We are a Delaware corporation, having re-incorporated in Delaware on June 21, 1985. Our current and periodic reports filed with the Securities and Exchange Commission (SEC), including amendments to those reports, may be obtained through our internet website at www.westwoodone.com, from us in print upon request or from the SEC s website at www.sec.gov free of charge as soon as reasonably practicable after we file these reports with the SEC. Additionally, any reports or information that we file with the SEC may be read and copied at the SEC s Public Reference Room at 100 F Street, Washington, DC. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. You may also obtain copies of this information by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates.

Cautionary Statement regarding Forward-Looking Statements

This annual report on Form 10-K, including Item 1A Risk Factors and Item 7 Management s Discussion and Analysis o Financial Condition and Results of Operations, contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements we make or others make on our behalf. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These statements are not based on historical fact but rather are based on management s views and assumptions concerning future events and results at the time the statements are made. No assurances can be given that management s expectations will come to pass. There may be additional risks, uncertainties and factors that we do not currently view as material or that are not necessarily known. Any forward-looking statements included in this document are only made as of the date of this document and we do not have any obligation to publicly update any forward-looking statement to reflect subsequent events or circumstances.

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Item 1A. Risk Factors

An investment in our Common stock is speculative and involves a high degree of risk. You should carefully consider the risks described below, together with the other information contained in this Annual Report on Form 10-K. The risks described below could have a material adverse effect on our business, financial condition and results of operations and the value of our Common stock.

Risks Related to Our Business

Our Operating Income has declined since 2002. We may not be able to reverse this trend.

Since 2002, our Operating Income has declined from approximately $166 million to $63 million, with the most significant decline, $144 million to $63 million, occurring in the past two years (exclusive of goodwill impairment charges). In addition, our 2006 results were adversely affected by a $516 million goodwill impairment charge. We cannot provide any assurances that we will be able to reverse this trend of declining Operating Income or that we will not have future impairment or other charges that adversely affect Operating Income. Even if we are initially successful in reversing the downward trend, we may not be able to sustain the improvement on a quarterly or annual basis. Our failure to reverse the downward trend in Operating Income will negatively affect the market price of our Common stock, our ability to access capital markets and could result in a violation of a loan covenant.

Our business may not grow in the future.

Since 2004, our revenue has declined from $562 million to $451 million. This decrease in revenue has been attributable to a decline in audience and commercial inventory on both a local/regional and a national basis, a substantial reduction in sales persons and an increase in competition. Our strategy to grow revenue is dependent on, among other things, our ability to reverse the declines in audience we have experienced, improve our affiliate base, hire additional sales persons and managers, modernize our distribution system and expand our product offerings to other distribution platforms, all of which, to varying degrees, will require an infusion of capital, which as discussed below is presently limited and could be further constrained in the future. Our ability to implement this strategy will also depend on a number of other factors, many of which are outside our control, including the general economy, the perception by advertisers and clients that we offer an effective way of reaching their targeted demographic group, and our ability to attract and retain qualified employees and management. We cannot predict at this time to what degree, if any, we will be able to implement our growth strategy successfully.

We may not be able to obtain future capital on terms favorable to us, which could have negative consequences on our business.

As a result of the deterioration in our operating performance, we amended our senior loan agreement in October 2006 and again in January and February 2008 with a syndicate of banks, increasing the total debt ratio covenant from 3.50 to 1 (effective after March 31, 2008) to 4.00 to 1. Further declines in our operating performance may cause us to seek further amendments to the covenants under our existing senior loan agreement and the Senior Notes or to seek to replace the senior loan agreement, which matures on February 28, 2009, and/or our Senior Notes, in their entirety. Our ability and timing to obtain, if needed, additional amendments or additional financing, or to refinance our existing debt may be impacted by factors outside our control. Additionally any refinancing of our Senior Notes will likely require the payment to our note holders of an amount greater than the principal amount of the Senior Notes due to a make-whole requirement in the Note Purchase Agreement. The amount of such make- whole payment will continue to increase if interest rates continue to decline, and conversely will decrease as interest rates rise.

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While we recently announced the execution of a purchase agreement with Gores Radio Holdings, LLC (together with certain related entities, Gores), an entity managed by The Gores Group, LLC, where they agreed to purchase between $50.0-$75.0 million of 7.5% Series A Convertible Preferred Stock and warrants, the issuance of such preferred stock and warrants is subject to approval by our shareholders. While certain officers and directors executed a voting agreement agreeing to vote in favor of such transaction, holders of a majority of Company Common stock must approve the transaction. If our shareholders do not approve the issues of the preferred stock and warrants, we may be required to obtain additional capital on terms that may be less favorable than the Gores preferred stock/warrants transaction. Furthermore, additional financing may not be available when we need it or, if available, financing may not be on terms favorable to us or to our shareholders. If adequate funds are not available, we may be required to delay the implementation or reduce the scope of our growth strategy, which could adversely affect our business. If financing is not available when required or is not available on acceptable terms, we may be unable to develop or enhance our services or programs. In addition, we may be unable to take advantage of business opportunities or respond to competitive pressures. Also, if we are unable to refinance or repay our debt at maturity, it could have a material and adverse effect on our business continuity, results of operations, cash flows and financial condition.

***Our revenue and income could further decline as a result of general and industry-specific economic trends, and declines in consumer spending*.**

Our revenue is largely based on advertisers seeking to stimulate consumer spending. Advertising expenditures and consumer spending tend to decline during recessionary periods, and may also decline at other times. Prolonged weakness in the economy may cause our customers to reduce or cancel orders of airtime. This also may lead to price pressures. Accordingly, our revenue and operating margins could further decline during a general economic downturn.

Our audience and revenue may decline as a result of programming changes made by our affiliated stations.

While we provide programming to all major radio station groups, we have affiliation agreements with most of CBS Radio s owned and operated radio stations which, in the aggregate, provide us with a significant portion of the audience and/or commercial inventory that we sell to advertisers. In addition, we are the exclusive provider of the CBS News product and have purchased several other pieces of programming from CBS and its affiliates. Since 2006 we have experienced a material decline in the amount of audience and quantity and quality of commercial inventory delivered by the CBS Radio owned and operated radio stations. Reasons for the decline included: (1) the cancellation of key national programming and the loss of CBS Howard Stern; (2) the sale of CBS radio stations; and (3) the reduction of commercial inventory levels, including certain RADAR inventory, provided to us under affiliation agreements. At this time, it is unclear whether this decline is permanent. To the extent the decline is permanent, our operating performance would be materially adversely impacted.

Competition may adversely affect our business and cause our stock price to decline.

We compete in a highly competitive business. Our radio programming competes for audiences and advertising revenue directly with radio and television stations and other syndicated programming, as well as with such other media as newspapers, magazines, cable television, outdoor advertising and direct mail. Audience ratings and performance-based revenue arrangements are subject to change and any adverse change in a particular geographic area could have a material and adverse effect on our ability to attract not only advertisers in that region, but national advertisers as well. In addition to those described above, future operations are further subject to many factors, which could have an adverse effect upon our financial performance. These factors include:

- advertiser spending patterns, including the notion that orders are being placed in close proximity to air, limiting visibility of demand;

- the level of competition for advertising dollars, including by new entrants into the radio advertising sales market, including Google;

- new competitors or existing competitors with expanded resources, including as a result of consolidation (as described below), NAVTEQ s purchase of Traffic.com or the proposed merger between XM Satellite Radio and Sirius Satellite Radio;

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- lower than anticipated market acceptance of new or existing products;
- technological changes and innovations;
- fluctuations in programming costs;
- shifts in population and other demographics;
- changes in labor conditions; and
- changes in governmental regulations and policies and actions of federal and state regulatory bodies.

Although we believe that our radio programming will be able to compete effectively and will continue to attract audiences and advertisers, there can be no assurance that we will be able to maintain or increase the current audience ratings and advertising revenue.

Continued consolidation in the radio broadcast industry could adversely affect our operating results.

The radio broadcasting industry has continued to experience significant change, including as a result of a significant amount of consolidation in recent years, and increased business transactions by key players in the radio industry (*e.g.,* Clear Channel, Citadel, ABC, CBS Radio). In connection therewith, certain major station groups have: (1) modified overall amounts of commercial inventory broadcast on their radio stations, (2) experienced significant declines in audience and (3) increased their supply of shorter duration advertisements which is directly competitive to us. To the extent similar initiatives are adopted by other major station groups, this could adversely impact the amount of commercial inventory made available to us or increase the cost of such commercial inventory at the time of renewal of existing affiliate agreements. Additionally, if the size and financial resources of certain station groups continue to increase, the station groups may be able to develop their own programming as a substitute to that offered by us or, alternatively, they could seek to obtain programming from our competitors. Any such occurrences, or merely the threat of such occurrences, could adversely affect our ability to negotiate favorable terms with our station affiliates, to attract audiences and to attract advertisers, which could adversely affect our operating results. In addition, changes in U.S. financial and equity markets, including market disruptions and significant interest rate fluctuations, could impede our access to, or increase the cost of, external financing for our operations and investments.

We may be required to recognize further impairment charges.

On an annual basis and upon the occurrence of certain events, we are required to perform impairment tests on our identified intangible assets with indefinite lives, including goodwill, which testing could impact the value of our business. Significant and unanticipated differences to our forecasted operational results and cash flows could require a provision for impairment that could substantially affect our reported earnings in a period of such change. In addition since we operate in one segment, further declines in our stock price may also result in a future impairment charge.

Risks Relating to Our Common stock

Our stock price has been volatile, is likely to continue to be volatile, and could continue to decline.

The price of our Common stock has been, and is likely to continue to be, volatile. In addition, the stock market in general, and companies in the broadcasting space, have experienced extreme price and volume fluctuations that have been disproportionate to the operating performance of these companies. Broad market and industry factors may continue to negatively affect the market price of our Common stock, regardless of our actual operating performance. Our stock price may also continue to fluctuate significantly as a result of other factors, some or all of which are beyond our control, including:

- actual or anticipated fluctuations in our quarterly and annual operating results;
- changes in expectations as to our future financial performance or changes in financial estimates of securities analysts;
- success or failure in our operating and growth strategies; and

realization of any of the risks described in these risk factors.

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The foregoing list of factors that may affect future performance and the accuracy of forward-looking statements included in the factors above are illustrative, but by no means all-inclusive or exhaustive. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

Item 1B. Unresolved Staff Comments

This item is not applicable.

Item 2. Properties

We own three buildings in Culver City, California: (1) a 10,000 square-foot building which contains administrative, sales and marketing; (2) a 10,000 square-foot building which contains our two traffic and news reporting divisions, Metro Networks and Shadow Broadcast Services; and (3) a 6,500 square-foot building which contains our production facilities. In addition, we lease operation centers/broadcast studios and marketing and administrative offices across the United States consisting of over 300,000 square feet in the aggregate, pursuant to the terms of various lease agreements.

We believe that our facilities are adequate for our current level of operations.

Item 3. Legal Proceedings

On September 12, 2006, Mark Randall, derivatively on behalf of Westwood One, Inc., filed suit in the Supreme Court of the State of New York, County of New York, against us and certain of our current and former directors and certain former executive officers. The complaint alleges breach of fiduciary duties and unjust enrichment in connection with the granting of certain options to our former directors and executives. Plaintiff seeks judgment against the individual defendants in favor of us for an unstated amount of damages, disgorgement of the options which are the subject of the suit (and any proceeds from the exercise of those options and subsequent sale of the underlying stock) and equitable relief. Subsequently, on December 15, 2006, Plaintiff filed an amended complaint which asserts claims against certain of our former directors and executives who were not named in the initial complaint filed in September 2006 and dismisses claims against other former directors and executives named in the initial complaint. On March 2, 2007, we filed a motion to dismiss the suit. On April 23, 2007, Plaintiff filed its response to our motion to dismiss. On May 14, 2007, we filed our reply in furtherance of its motion to dismiss Plaintiff s amended complaint. On August 3, 2007, the Court granted such motion to dismiss and denied Plaintiff s request for leave to replead and file a further amended complaint. On September 20, 2007, Plaintiff appealed the Court s dismissal of its complaint and moved for renewal under CPLR 2221(e). Oral argument on Plaintiff s motion for renewal occurred on October 31, 2007.

Item 4. Submission of Matters to a Vote of Security Holders

None.

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PART II

(In thousands, except per share amounts)

Item 5. Market for Registrant s Common Equity and Related Stockholder Matters

On January 31, 2008, there were approximately 300 holders of record of our Common stock, several of which represent street accounts of securities brokers. Based upon the number of proxies requested by brokers in conjunction with our annual meeting of shareholders held on February 12, 2008, we estimate that the total number of beneficial holders of our Common stock exceeds 9,500**.**

Since December 15, 1998, our Common stock has been traded on the New York Stock Exchange (NYSE) under the symbol WON . The following table sets forth the range of high and low last sales prices on the NYSE for the Common stock for the calendar quarters indicated.

2007		**High**		**Low**
First Quarter	$	7.24	$	6.15
Second Quarter		8.16		6.48
Third Quarter		7.17		2.32
Fourth Quarter		3.00		1.83

2006		**High**		**Low**
First Quarter	$	16.58	$	10.85
Second Quarter		11.00		7.43
Third Quarter		7.94		6.44
Fourth Quarter		8.40		6.50

The last sales price for our Common stock on the NYSE on January 31, 2008 was $1.58.

On February 2, 2006, April 18, 2006 and August 7, 2006, the Board of Directors declared cash dividends of $.10 per share for each issued and outstanding share of Common stock and $.08 per share for each issued and outstanding share of Class B stock. On November 7, 2006 and March 6, 2007, the Board of Directors declared a cash dividend of $0.02 per share for every issued and outstanding share of Common stock and $0.016 per share for every issued and outstanding share of Class B stock.

The payment of dividends is prohibited by the terms of our credit facility, as amended in 2008, and accordingly, we do not plan on paying dividends for the foreseeable future.

There is no established public trading market for our Class B Stock. However, the Class B Stock is convertible to Common stock on a share-for-share basis. On January 31, 2008, there were two holders of record of our Class B Stock.

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Equity Compensation Plan Information

The following table contains information as of December 31, 2007 regarding our equity compensation plans as well as regarding warrants issued to CBS Radio under the Management Agreement:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) (in thousands)		Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans excluding securities reflected in Column (a) (c)
Equity compensation plans approved by security holders				
Options (1)	3,888	$	21.86	(2)
Warrants (3)	3,000		51.67	N/A
Restricted Stock Units	230		N/A	(2)
Restricted Stock	950		N/A	(2)
Equity compensation plans not approved by security holders				
Total	8,068			

(1) Options included herein were granted or are available for grant as part of our 1989 and 1999 stock option plans and/or 2005 plan that were approved by our shareholders. The Compensation Committee of the Board of Directors

approves periodic option grants to executive officers and other employees based on their contributions to our operations. Among other things, the 2005 Equity Compensation Plan (the 2005 Plan) provides for the granting of restricted stock and restricted stock units (RSUs). A maximum of 9,200 shares of our Common stock is authorized for the issuance of awards under the 2005 Plan. Pursuant to the 2005 Plan beginning on May 19, 2005, the date of our 2005 annual meeting of shareholders, outside directors automatically receive a grant of RSUs equal to $100 in value on the date of each of our annual meeting of shareholders. In 2007, the Company did not hold an annual meeting of shareholders. Accordingly, the Company s directors received their annual award of RSUs equal to $100 in value in July 2007, instead of February 12, 2008 when the 2007 annual meeting of shareholders was held. Any newly appointed outside director will receive an initial grant of RSUs equal to $150 in value on the date such director is appointed to our Board. Recipients of RSUs are entitled to receive dividend equivalents on the RSUs (subject to vesting) when and if we pay a cash dividend on our 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 us.

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 our Common stock. For a more complete description of the provisions of the 2005 Plan, refer to our proxy statement in which the 2005 Plan and a summary thereof are included as exhibits, filed with the SEC on April 29, 2005.

(2) A maximum of 9,200 shares of Common stock is authorized for issuance of equity compensation awards under the 2005 Plan. Options, RSUs and restricted stock are deducted from this authorized total, with grants of RSUs, restricted stock, and related dividend equivalents

being deducted at the rate of three shares for every one share granted. At December 31, 2007, there were approximately 3,998 authorized shares remaining available for future issuance under the 2005 Plan and 4,382 shares remaining available for future issuance under the 1999 Plan.

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(3) Warrants included herein were granted to CBS Radio in conjunction with the Management Agreement, and were approved by our shareholders on May 29, 2002. Of the seven warrants issued to CBS Radio, two warrants to purchase an aggregate of 2,000 shares of Common stock had an exercise price of $43.11 and $48.36, respectively, and were to become exercisable: (A) if the average price of our 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 our termination of the Management Agreement under certain circumstances as described in the terms of

such warrants. Of the remaining five warrants to purchase an aggregate of 2,500 shares of Common stock, the exercise price for each of the five warrants was equal to $38.87, $44.70, $51.40, $59.11, and $67.98, respectively. The five warrants had a term of 10 years (only if they became exercisable) and became exercisable on January 2, 2005, 2006, 2007, 2008, and 2009, respectively. However, in order for the warrants to become exercisable, the average price of our Common stock for each of the 15 trading days prior to January 2 of such year (commencing on January 2, 2005 with respect to the first 500 warrant tranche and each January 2 thereafter for each of the remaining four warrants) had to 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, $44.70, $51.40 and $59.11 warrants, our average stock price for the 15 trading days prior to January 2 of the respective year did not equal or exceed the required prices, and accordingly, they did not become exercisable. All warrants outstanding as of the closing date of the Master Agreement were cancelled.

The performance graph below compares the performance of our Common stock to the Dow Jones US Total Market Index and the Dow Jones US Media Index for the last five calendar years. The graph assumes that $100 was invested in our Common stock and each index on December 31, 2002.

The following tables set forth the closing price of our Common stock at the end of each of the last five years.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Westwood One, Inc., The Dow Jones US Index

And The Dow Jones US Media Index

* $100 invested on 12/31/02 in stock or index-including reinvestment of dividends.

Fiscal year ending December 31.

CUMULATIVE TOTAL RETURN	2003	2004	2005	2006	2007

Westwood One, Inc.	**91.57**	**72.08**	**44.32**	**19.90**	**5.63**
Dow Jones US Total Market Index	**130.75**	**146.45**	**155.72**	**179.96**	**190.77**
Dow Jones US Media Industry Index	**131.32**	**133.52**	**118.20**	**149.46**	**130.63**
Westwood One Closing Stock Price	**$ 34.21**	**$ 26.93**	**$ 16.30**	**$ 7.06**	**$ 1.99**

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Issuer Purchases of Equity Securities

Period		Number of Shares Purchased in Period	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (A) (B)
10/1/07	10/31/07	0	n/a	21,001	$ 290,490
11/1/07	11/30/07	0	n/a	21,001	$ 290,490
12/1/07	12/31/07	0	n/a	21,001	$ 290,490

(A) Represents remaining authorization from the additional $250,000 repurchase authorization approved on February 24, 2004 and the additional $300,000 authorization approved on April 29, 2005. Our existing stock purchase program was publicly announced on September 23, 1999.

(B) Our Board of Directors has suspended all future stock repurchases under the aforementioned plans for the foreseeable future.

On January 3, 2008, 2 shares of Company common stock were withheld from the vested portion of a 2006 equity compensation award to Peter Kosann our then Chief Executive Officer, in order to satisfy taxes payable by Mr. Kosann in connection with the 10 shares of such award that vested on January 3, 2008. On such date, the closing stock price of our common stock was $1.94 per share.

Item 6. Selected Financial Data

(In thousands except per share data)	2007	2006	2005 (1)	2004(1)	2003 (1)
OPERATING RESULTS FOR YEAR ENDED DECEMBER 31:					
Net Revenue	$ 451,384	$ 512,085	$ 557,830	$ 562,246	$ 539,226
Operating and Corporate Costs, Excluding Depreciation and Amortization, Goodwill Impairment and Special Changes	363,611	409,814	393,026	392,693	371,206
Goodwill Impairment		515,916			
Depreciation and Amortization	19,840	20,756	20,826	18,429	11,513
Special Changes	4,626	1,579			
Operating (Loss) Income	63,307	(435,980)	143,978	151,124	156,507
Net (Loss) Income	$ 24,368	$ (469,453)	$ 77,886	$ 86,955	$ 91,983
(Loss) Income Per Basic Share Common stock	$ 0.28	$ (5.46)	$ 0.86	$ 0.90	$ 0.91

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(In thousands except per share data)	2007	2006	2005 (1)	2004(1)	2003 (1)
Class B stock	$ 0.02	$ 0.26	$ 0.24	$	$
(Loss) Income Per Diluted Share					
Common stock	$ 0.28	$ (5.46)	$ 0.85	$ 0.88	$ 0.86
Class B stock	$ 0.02	$ 0.26	$ 0.24	$	$
Dividends Declared					
Common stock	$ 0.02	$ 0.32	$ 0.30	$	$
Class B stock	$ 0.02	$ 0.26	$ 0.24	$	$
BALANCE SHEET DATA AT DECEMBER 31:					
Current Assets	$ 138,154	$ 149,222	$ 172,245	$ 174,346	$ 165,495
Working Capital	47,294	29,313	72,094	93,005	86,484
Total Assets	669,757	696,701	1,239,646	1,262,495	1,280,737
Long-Term Debt	345,244	366,860	427,514	359,439	300,366
Total Shareholders Equity	227,631	202,931	704,029	800,709	859,704

(1) Effective January 1, 2006, we adopted Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 123 (Revised 2004), Share Based Payment (SFAS 123R) utilizing the modified retrospective transition alternative. Accordingly, results for years prior to 2006 have been restated to reflect stock based compensation expense in

accordance with SFAS 123R.

(2) No cash dividend was paid on our Common stock or Class B stock during 2003 and 2004. In 2005, our Board of Directors declared cash dividends of $0.10 per share for every issued and outstanding share of Common stock and $0.08 per share for every issued and outstanding share of Class B stock on each of April 29, 2005, August 3, 2005 and November 2, 2005. In 2006, our Board of Directors declared cash dividends of $0.10 per share for every issued and outstanding share of Common stock and $0.08 per share for every issued and outstanding share of Class B stock on each of February 2, 2006, April 18, 2006 and August 7, 2006. Our Board of Directors

declared a cash dividend of $0.02 per share for every issued and outstanding share of Common stock and $0.016 per share for every issued and outstanding share of Class B stock on November 7, 2006. Our Board of Directors declared cash dividends of $0.02 per share for every issued and outstanding share of Common Stock and $0.016 per share for every issued and outstanding share of Class B stock on March 6, 2007. The payment of dividends is prohibited by the terms of our credit facility, as amended in 2008, and accordingly, we do not plan on paying dividends for the foreseeable future.

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Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations (in thousands except for share and per share amounts)

EXECUTIVE OVERVIEW

Westwood One is a provider of analog and digital content, including news, sports, weather, traffic, video news services and other information to the radio, TV and on-line industries. We are one of the largest domestic outsource providers of traffic reporting services and one of the nation s largest radio networks, producing and distributing national news, sports, talk, music and special event programs, in addition to local news, sports, weather, video news and other information programming. The commercial airtime that we sell to our advertisers is acquired from radio and television affiliates in exchange for our programming, content, information, and in certain circumstances, cash compensation.

In November 2006, we announced that our Board of Directors established a Strategic Review Committee comprised of independent directors to evaluate means by which we might be able to enhance shareholder value. The Committee s principal task was to modify and extend our various agreements with CBS Radio and its affiliates, including the Management Agreement and programming and distribution agreements with CBS Radio. On October 2, 2007, we entered into a definitive agreement with CBS Radio (the Master Agreement) documenting a long-term arrangement through March 31, 2017. As part of the new arrangement which was approved by our shareholders on February 12, 2008, certain CBS Radio stations will broadcast our local/regional and national commercial inventory through March 31, 2017 in exchange for certain programming and/or cash compensation. As part of the new arrangement, the News Programming Agreement, the Technical Services Agreement and the Trademark License Agreement were amended and extended through March 31, 2017. The new arrangement became effective on March 3, 2008.

The new arrangement with CBS Radio is particularly important to us, as in recent years, the radio broadcasting industry has experienced a significant amount of consolidation. As a result, certain major radio station groups, including Clear Channel Communications and CBS Radio, have emerged as powerful forces in the industry. While we provide programming to all major radio station groups, our extended affiliation agreements with most of CBS Radio s owned and operated radio stations provides us with a significant portion of the audience that we sell to advertisers.

We derive substantially all of our revenue from the sale of :10 second, :30 second and :60 second commercial airtime to advertisers. Our advertisers who target local/regional audiences generally find the most effective method is to purchase shorter duration :10 second advertisements, which are principally correlated to traffic and information related programming and content. Our advertisers who target national audiences generally find the most cost effective method is to purchase longer :30 or :60 second advertisements, which are principally correlated to news, talk, sports and music and entertainment related programming and content. A growing number of advertisers purchase both local/regional and national airtime. Our goal is to maximize the yield of our available commercial airtime to optimize revenue.

In managing our business, we develop programming and exploit our commercial airtime by concurrently taking into consideration the demands of our advertisers on both a market specific and national basis, the demands of the owners and management of our radio station affiliates, and the demands of our programming partners and talent. Our continued success and prospects for growth are dependent upon our ability to manage these factors in a cost effective manner and to adapt our information and entertainment programming to different distribution platforms. Our results may also be impacted by overall economic conditions, trends in demand for radio related advertising, competition, and risks inherent in our customer base, including customer attrition and our ability to generate new business opportunities to offset any attrition.

There are a variety of factors that influence our revenue on a periodic basis including but not limited to: (i) economic conditions and the relative strength or weakness in the United States economy; (ii) advertiser spending patterns and the timing of the broadcasting of our programming, principally the seasonal nature of sports programming; (iii) advertiser demand on a local/regional or national basis for radio related advertising products; (iv) increases or decreases in our portfolio of program offerings and related audiences, including changes in the demographic composition of our audience base; (v) increases or decreases in the size of our advertiser sales force; and (vi) competitive and alternative programs and advertising mediums, including, but not limited to, radio.

Our ability to specifically isolate the relative historical aggregate impact of price and volume is not practical as commercial airtime is sold and managed on an order-by-order basis. It should be noted, however, that we closely monitor advertiser commitments for the current calendar year, with particular emphasis placed on a prospective three-month period. We take the following factors, among others, into account when pricing commercial airtime: (i) the dollar value, length and breadth of the order; (ii) the desired reach and audience demographic; (iii) the quantity of commercial airtime available for the desired demographic requested by the advertiser for sale at the time their order is negotiated; and (iv) the proximity of the date of the order placement to the desired broadcast date of the commercial airtime. Our commercial airtime is perishable, and accordingly, our revenue is significantly impacted by the commercial airtime available at the time we enter into an arrangement with an advertiser. Our national revenue has been trending downward for the last several years due principally to reductions in national audience levels as part of planned cost reductions and lower clearance and audience levels of our affiliated stations. Our local/regional revenue has been trending downward due principally to reductions in our local/regional sales force, combined with an increase in the amount of :10 second inventory being sold by radio stations.

The principal components of our operating expenses are programming, production and distribution costs (including affiliate compensation and broadcast rights fees), selling expenses including commissions, promotional expenses and bad debt expenses, depreciation and amortization, and corporate general and administrative expenses. Corporate general and administrative expenses are primarily comprised of costs associated with the Management Agreement (which terminated on March 3, 2008), corporate accounting, legal and administrative personnel costs, and other administrative expenses, including those associated with corporate governance matters. Special charges include one-time expenses associated with the renegotiation of the CBS agreements and severance associated with senior management changes (i.e. our CEO and CFO).

We consider our operating cost structure to be predominately fixed in nature, and as a result, we believe we need several months lead time to make significant modification to our cost structure to react to what we view are more than temporary increases or decreases in advertiser demand. This point is important in predicting our performance in periods when advertiser revenue is increasing or decreasing. In periods where advertiser revenue is increasing, the fixed nature of a substantial portion of our costs means that operating income will grow faster than the related growth in revenue. Conversely, in a period of declining revenue, operating income will decrease by a greater percentage than the decline in revenue because of the lead time needed to reduce our operating cost structure. Furthermore, if we perceive a decline in revenue to be temporary, we may choose not to reduce our fixed costs, or may even increase our fixed costs, so as to not limit our future growth potential when the advertising marketplace rebounds. We carefully consider matters such as credit and commercial inventory risks, among others, in assessing arrangements with our programming and distribution partners. In those circumstances where we function as the principal in the transaction, the revenue and associated operating costs are presented on a gross basis in the Consolidated Statement of Operations. In those circumstances where we function as an agent or sales representative, our effective commission is presented within revenue with no corresponding operating expenses. Although no individual relationship is significant, you should consider the relative mix of such arrangements when evaluating operating margin and/or increases and decreases in operating expenses.

When CBS Radio discontinued Howard Stern s radio program, the audience delivered by the stations that used to broadcast the program declined significantly. Some of our affiliation agreements with CBS Radio did not allow us to reduce the compensation those stations were paid as a result of delivering a lower audience. Additionally, certain CBS Radio stations broadcast fewer commercials than in prior periods. These items contributed to a significant decline in our national audience delivery to advertisers. Our new arrangement with CBS (which became effective on March 3, 2008), mitigates both of these circumstances going forward by adjusting affiliate compensation up and/or down as a result of changes in audience levels. In addition, the arrangement provides CBS Radio with financial incentives to clear substantially all of our commercial inventory in accordance with their contract terms and with significant penalties for not complying with the contractual terms of our arrangement. We believe that CBS Radio will take the necessary steps to stabilize and increase the audience reached by its stations. It should be noted however, as CBS takes steps to increase its compliance with our affiliation agreements, our operating costs will increase before we will be able to increase prices for the larger audience we will deliver, which may result in a short-term decline in our operating income.

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Results of Operations and Financial Condition

Revenue

Revenue presented by type of commercial advertisement is as follows for the years ending December 31:

	2007		2006		2005	
	$	% of Total	$	% of Total	$	% of Total
Local/Regional	$ 232,446	51%	$ 265,768	52%	$ 300,560	54%
National	218,938	49%	246,317	48%	257,270	46%
Total (1)	$ 451,384	100%	$ 512,085	100%	$ 557,830	100%

(1) As described above, we currently aggregate revenue data based on the type of commercial airtime sold. You should consider that a number of advertisers purchase both local/regional and national commercial airtime when evaluating the relative revenue generated on a local/regional versus national basis. Our objective is to optimize total revenue from those advertisers.

Revenue for the year ended December 31, 2007 (2007) decreased $60,701, or 11.9%, to $451,384 from $512,085 for the year ended December 31, 2006 (2006), and decreased $45,745, or 8.2%, from $557,830 for the year ended December 31, 2005 (2005). The decreases were principally attributable to lower audience levels, a reduction in our sales force and increased competition.

Local/Regional revenue in 2007 decreased $33,322, or 12.5%, to $232,446 from $265,768 in 2006, and decreased $34,792, or 11.6%, in 2006 from $300,560 in 2005. The 2007 decrease was principally attributable to a 15% reduction in our sales force from 2006, a reduction in :10 second inventory units to sell as a result of the closure of several second-tier traffic markets in mid to late 2006 and canceling several representation and affiliation agreements (representing an approximately 18% decrease in inventory units from June 30, 2006 to December 31, 2007), and increased :10 second inventory being sold by radio stations. The decrease in 2006 was principally attributable to reduced demand for our :10 second commercial airtime, increased competition, and a 23% reduction in our sales force. The reduced demand was experienced in virtually all markets and all advertiser categories.

National revenue in 2007 decreased $27,379, or 11.1%, to $218,938 from $246,317 in 2006, and decreased $10,953, or 4.3%, in 2006 from $257,270 in 2005. The decrease in 2007 national revenue was principally attributable to an approximate 23% reduction in our quarterly gross impressions from RADAR rated network inventory (news programming inventory) resulting from our affiliates experiencing audience declines, lower clearance levels by certain CBS Radio stations and planned reductions in affiliate compensation, the cancellation of certain programs (approximately $5,500), and the non-recurrence of revenue attributable to the 2006 Winter Olympic games (approximately $5,700), partially offset by revenue generated from new program launches (approximately $6,000). Excluding the effect of the non-recurrence of revenue attributable to the 2006 Winter Olympics, national revenue would have declined approximately 8.9%. The decrease in 2006 was primarily a result of decreases in revenue attributable to news, talk and music programming, partially offset by non-recurring revenue attributable to the broadcast of the 2006 Winter Olympic games and higher revenue from sports programs (approximately $6,900). Excluding the effect of the revenue from the 2006 Winter Olympics, national revenue in 2006 would have decreased approximately 6.6%.

We expect our revenue for the year ending December 31, 2008 (2008) to increase compared with 2007, primarily as a result of launching new programs, making select investments to increase our RADAR audiences, investing in a new distribution system that will allow us to split advertiser commercial copy, and the hiring of additional sales persons and management personnel.

Expenses

Operating costs

Operating costs for the years ended December 31, 2007, 2006 and 2005 were as follows:

	2007		2006		2005	
	$	% of total	$	% of total	$	% of total
Programming, production and distribution expenses	$ 274,645	78%	$ 301,562	76%	$ 279,364	73%
Selling expenses	34,237	10%	46,814	12%	52,089	14%
Stock-based compensation	5,386	2%	6,345	2%	6,721	2%
Other operating expenses	36,172	10%	40,475	10%	40,824	11%
	$ 350,440	100%	$ 395.196	100%	$ 378,998	100%

Operating costs in 2007 decreased $44,756, or 11.3%, to $350,440 from $395,196 in 2006, and increased $16,198, or 4.3%, in 2006 from $378,998 in 2005. Programming, production and distribution expenses in 2007 decreased $26,917 or 8.9% to $274,645 from $301,562 in 2006 and increased $22,198 or 7.9% in 2006 from $279,364 in 2005. The 2007 decrease is principally attributable to the cancellation of certain programming contracts (approximately $15,000), the non-recurrence of costs associated with the 2006 Winter Olympics and lower payroll and rent costs associated with closing certain traffic information gathering markets (approximately $9,000). The 2006 increase in programming, production and distribution expenses are principally attributable to increases in existing and new program offerings, and as a result of costs associated with the 2006 Winter Olympics.

Selling expenses in 2007 decreased $12,577 or 26.9%, to $34,237 from $46,814 in 2006 and decreased $5,275, or 10.1%, in 2006 from $52,089 in 2005. The 2007 decrease was principally attributable to a reduction in sales staff and commissions ($7,800) and in bad debt expense approximately ($2,200). The 2006 decrease was principally attributable to a reduction in sales staff and commissions.

Other operating expenses in 2007 decreased $4,303, or 10.6%, to $36,172 from $40,475 in 2006 and decreased $349, or 0.9%, in 2006 from $40,824 in 2005. The 2007 decrease was principally attributable to reduction in personnel costs.

We currently anticipate that operating costs will increase in 2008 compared with 2007 due to increased clearance levels by CBS Radio as part of the new arrangement that became effective March 3, 2008, additional investments in new program offerings, increasing RADAR audience levels, hiring additional sales and management personnel, and increases in personnel compensation.

Depreciation and Amortization

Depreciation and amortization in 2007 decreased $916, or 4.4%, to $19,840 from $20,756 in 2006, and decreased nominally in 2006 from $20,826 in 2005. The 2007 decrease is principally attributable to certain assets becoming fully depreciated.

We anticipate that depreciation and amortization will decrease in 2008 compared with 2007, principally as a result of canceling the warrants issued to CBS Radio as part of the Management Agreement.

Goodwill Impairment

In connection with our annual goodwill impairment testing for 2007, we determined our goodwill was not impaired at December 31, 2007. The conclusion that our fair value was greater than our carrying value at December 31, 2007 was based upon management s best estimates including a valuation study that was prepared by an independent firm specializing in valuation services using our operational forecasts. The fair value was calculated on a consistently applied weighted average basis using a discounted cash flow model and the quoted market price of our Common stock. While the analysis at December 31, 2007, on a weighted average basis indicates no impairment, the value based solely on the quoted market price of our Common stock, without consideration of a control premium, was less than our carrying value. While not an element of our valuation approach, we believe that application of a control premium to our quoted market stock value would further support the absence of an impairment. If actual results differ from our operational forecasts, or if the discount rate used in our calculation increases, or if our stock price continues to decline, an impairment may be required to be recorded in the future.

In connection with our annual goodwill impairment testing for 2006, based on a similar approach as applied in 2007, we determined our goodwill was impaired and recorded a non-cash charge of $515,916. The goodwill impairment, the majority of which was not deductible for income tax purposes, was primarily due to our declining operating performance and the reduced valuation multiples in the radio industry.

Corporate General and Administrative Expenses

Corporate general and administrative expenses in 2007 decreased $1,447, or 9.9%, to $13,171 from $14,618 in 2006, and increased $590, or 4.2%, in 2006 from $14,028 in 2005. Exclusive of stock-based compensation expense of $4,220, $5,924, and $4,965 in 2007, 2006, and 2005, respectively, corporate general and administrative expenses in 2007 increased $257, or 3%, to $8,951 from $8,694 in 2006, and decreased $369, or 4.1%, in 2006 from $9,063 in 2005. The 2007 increase was principally attributable to increased personnel costs, partially offset by lower corporate governance costs. The 2006 decrease was primarily attributable to lower personnel costs slightly offset by higher compensation to CBS Radio.

We anticipate that corporate general and administrative expenses in 2008 will increase as a result of planned staffing increases.

Special Charges

We incurred costs aggregating $4,626 and $1,579 in 2007 and 2006, respectively, related to the negotiation of a new long-term arrangement with CBS Radio and for severance obligations related to executive officer changes.

Operating Income (Loss)

Operating income in 2007 increased $499,287 to $63,307 from an operating loss of ($435,980) in 2006, and decreased $579,958 in 2006 from operating income of $143,978 in 2005. Excluding the 2006 impairment charge, operating income decreased $16,629, or 20.8%, to $63,307 from $79,936 in 2006, and decreased $64,042, or 44.5% in 2006 from $143,978 in 2005. The 2007 decrease was attributable to lower revenue, partially offset by a reduction in operating costs. The 2006 decrease was principally attributable to lower revenue and higher operating costs.

We currently anticipate that operating income will increase in 2008 compared to 2007 principally as a result of lower depreciation and amortization and special charges.

Interest Expense

Interest expense in 2007 decreased $1,964, or 7.7%, to $23,626 from $25,590 in 2006, and increased $7,275, or 39.7%, in 2006 from $18,315 in 2005. The 2007 decrease was principally attributable to lower average borrowings under our credit facility and partially offset by an increase in interest rates, higher amortization of deferred debt costs as a result of amending the facility in 2006, and a payment to terminate one of our fixed to floating interest rate swap agreements on our $150,000 Note. Our weighted average interest rate was 6.3% in 2007 compared with 5.9% in 2006. The increase in 2006 was attributable to higher outstanding borrowings under our credit facility and higher average interest rates, as our average interest rate increased to 5.9% from 4.3% in 2005.

In January and February 2008, we amended our credit facility to increase our leverage ratio and eliminate a provision that deemed the termination of the CBS Radio management agreement an event of default. As a result, our interest rate under the amended agreement was increased to LIBOR + 175 basis points from LIBOR + 125 basis points. Additionally, since our credit facility matures at the end of February 2009, we will need to refinance the credit facility prior to such date. Based on the significant reduction in our Earnings before interest, taxes, depreciation and amortization (referred to as EBITDA) over the past two years, we expect our interest rate to further increase as part of any new debt arrangement.

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Other Income

Other income was $411, $926, and $1,440 in 2007, 2006, and 2005, respectively. Other income in 2007 was principally attributable to interest earned on our invested cash balances. In 2006, in addition to interest income, we received $529 in connection with a recapitalization transaction of our investee, POP Radio, LP (POP Radio). In 2005, we sold a building in Culver City, California, recognizing a pre-tax gain on sale of $1,022.

Provision for Income Taxes

Income tax expense in 2007 increased $6,915, or 78.5%, to $15,724 from $8,809 in 2006, and decreased $40,408, or 82.1%, in 2006 from $49,217 in 2005. In 2007, our effective income tax rate was 39.2%. The 2007 effective income tax rate benefited from a change in New York State tax law on our deferred tax balance (approximately $100). The 2006 income tax provision was impacted by the 2006 goodwill impairment and related deferred tax attributes. Our effective tax rate in 2005 was 38.7%.

We expect our effective income tax rate in 2008 to be approximately 39%.

Net Income (Loss)

Net income in 2007 increased $493,821 to $24,368 ($0.28 per basic and diluted common share and $0.02 per basic and diluted Class B share) from a net loss of ($469,453) (($5.46) per basic and diluted Common share and $0.26 per basic and diluted Class B share) in 2006, and decreased $547,339 in 2006 from net income of $77,886 ($0.86 per basic Common share and $0.85 per diluted Common share and $0.24 per basic and diluted Class B share) in 2005.

Weighted-Average Shares

Weighted-average shares outstanding for purposes of computing basic net income (loss) per Common share were 86,112, 86,013, and 90,714 in 2007, 2006 and 2005, respectively. The decrease in 2006 from 2005 was primarily attributable to Common Stock repurchases partially offset by additional share issuances as a result of stock option exercises. Weighted-average shares outstanding for purposes of computing diluted net income (loss) per Common share were 86,426, 86,013, and 91,519 in 2007, 2006, and 2005, respectively. As a result of incurring a net loss in 2006, basis and diluted weighted-average Common shares outstanding are equivalent, as common stock equivalents from stock options, unvested restricted stock and warrants would be anti-dilutive.

Liquidity and Capital Resources

We continually monitor and project our anticipated cash requirements, which include working capital needs, capital expenditures and principal and interest payments on our indebtedness and potential acquisitions. Our recent funding requirements have been financed through cash flow from operations and the issuance of long-term debt.

At December 31, 2007, our principal sources of liquidity were our cash and cash equivalents of $6,187 and available borrowings under our bank credit facility. We believe that our sources of liquidity are adequate to fund ongoing operating requirements in the next twelve months, however, our bank facility matures in February 2009. Accordingly, we must refinance our bank facility, develop new funding sources and/or raise additional capital. While we reasonably believe that we will be able to refinance, identify new funding sources, and/or raise additional capital, if we cannot, we may not be able to repay the facility upon maturity. If we raise additional funds through the issuance of equity securities, our shareholders may experience significant dilution. Furthermore, additional financing may not be available when we need it or, if available, financing may not be on terms favorable to us or to our shareholders. If financing is not available when required or is not available on acceptable terms, we may be unable to develop or enhance our services or programs. In addition, we may be unable to take advantage of business opportunities or respond to competitive pressures. In addition, if our operating results continue to decline more than anticipated, it may cause us to seek a waiver or further amendments to our debt covenants. In these circumstances, if we cannot obtain a waiver or an amendment, our debt would be payable on demand from our lenders. Any of these events could have a material and adverse effect on our business continuity, results of operations, cash flows and financial condition.

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At December 31, 2007, we had an unsecured five-year $120,000 term loan and a five-year $125,000 revolving credit facility (referred to in this section as the Facility), both of which mature in February 2009. At December 31, 2007, we had available borrowings of approximately $44,000 under our Facility. Interest on the Facility is payable at the prime rate plus an applicable margin of up to 0.25% or LIBOR plus an applicable margin of up to 1.25%, at our option. The Facility contains covenants, among others, related to dividends, liens, indebtedness, capital expenditures and restricted payments, as defined, interest coverage and leverage ratios. We issued through a private placement $150,000 of ten-year Senior Notes due November 30, 2012 (interest at a fixed rate of 5.26%) and $50,000 of seven-year Senior Notes due November 30, 2009 (interest at a fixed rate of 4.64%) (the foregoing, the Senior Notes). In addition, we have a ten-year fixed to floating interest rate swap agreement covering $25,000 notional value of our outstanding $150,000 Senior Notes and a seven-year fixed to floating interest rate swap agreement covering $25,000 notional value of our outstanding $50,000 Senior Notes. Both swaps are at three-month LIBOR plus 0.8%. The Senior Notes contain covenants, among others, relating to dividends, liens, indebtedness, capital expenditures, and interest coverage and leverage ratios.

In 2008, we amended the Facility to, among other things: (i) provide security to our lenders (including holders of our Senior Notes), (ii) reduce the amount of the revolving credit facility to $75,000, (iii) increase the applicable margin on LIBOR loans to 1.75% and on prime rate loans to ..75%, (iv) change the leverage ratio covenant to 4.0 times Annualized Consolidated Operating Cash Flow through the remaining term of the Facility, (v) eliminate the provision that deemed the termination of the Management Agreement as an event of default and (vi) include covenants prohibiting the payment of dividends and restricted payments. In addition, we and the advisors to the Strategic Review Committee of the Board are actively evaluating options to refinance all or a portion of our existing debt and to obtain additional equity. To that end, we announced that on March 3, 2008, we sold 7,143 shares of Common stock to Gores Radio Holdings LLC (Gores) for an aggregate purchase price of $12,500, and we have an option to sell Gores an additional 7,143 shares of Common stock for an aggregate purchase price of $12,500 which we exercised on March 10, 2008 (it is currently anticipated such sale will close on or before March 24, 2008) and to sell between $50,000 and $75,000 of a 7.5% Series A Convertible Preferred Stock with warrants to Gores. The sale and issuance of preferred stock and warrants to Gores is subject to shareholder approval.

Net cash provided by operating activities in 2007 decreased $76,350, or 73.2%, to $27,901 from $104,251 in 2006, and decreased $14,039, or 11.9%, in 2006 from $118,290 in 2005. The decrease in 2007 was principally attributable to a decline in net income (after excluding the 2006 goodwill impairment charge) and changes in working capital. In 2007, we reduced the amount of time payables and accrued expenses were outstanding, while in 2006, the time accounts payable and accrued expenses were outstanding were extended, resulting in a net use of working capital of $62,248.

In 2007, 2006, and 2005, we spent $5,849, $5,880, and $4,524, respectively, for capital expenditures. Our business does not presently require, and we do not expect in the future to require, significant cash outlays for capital expenditures. However, as a result of a planned investment in a new distribution system, our 2008 capital expenditures are expected to be approximately double the amount spent in 2007.

In 2007, 2006 and 2005, we paid dividends to our shareholders in the amount of $1,663, $27,640 and $27,032, respectively. In May 2007, the Board of Directors elected to discontinue the payment of a dividend and does not plan to declare dividends for the foreseeable future. The payment of dividends is also prohibited by the terms of our Facility.

In 2006 and 2005, we purchased approximately 750 (2006) and 8,015 (2005) shares of our Common stock, at a total cost of $11,044 and $160,604, respectively. While we are authorized to repurchase up to $290,490 of our Common stock at December 31, 2007, we do not plan on repurchasing any additional shares for the foreseeable future. Such repurchases are also prohibited by the terms of our Facility.

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Investments

On March 29, 2006, our cost method investment in The Australia Traffic Network Pty Limited (ATN) was converted to 1,540 shares of common stock of Global Traffic Network, Inc. (GTN) in connection with the initial public offering of GTN on that date. The investment in GTN, valued at $10,042 at December 31, 2007, is classified as an available for sale security and included in other assets in the accompanying Consolidated Balance Sheet. Accordingly, the unrealized gain as of December 31, 2007 is included in unrealized gain on available for sale securities in the accompanying Consolidated Balance Sheet.

GTN is the parent company of ATN, and also of Canadian Traffic Network ULC (CTN) from whom we purchased a senior secured note in an aggregate principal amount of $2,000 in November 2005. This note was included in other assets in the accompanying Consolidated Balance Sheet on December 31, 2005. On September 7, 2006, CTN repaid this note in full.

On October 28, 2005, we became a limited partner of POP Radio pursuant to the terms of a subscription agreement dated as of the same date. As part of the transaction, effective January 1, 2006, we became the exclusive sales representative of the majority of advertising on the POP Radio network for five years, until December 31, 2010, unless earlier terminated by the express terms of the sales representative agreement. We hold a 20% limited partnership interest in POP Radio. No additional capital contributions are required by any of the limited partners.

On September 29, 2006, along with the other limited partners of POP Radio, we elected to participate in a recapitalization transaction negotiated by POP Radio with Alta Communications, Inc. (Alta), in return for which we received $529 on November 13, 2006. Pursuant to the terms of the transaction, if and when Alta elects to exercise warrants it received in connection with the transaction, our limited partnership interest in POP Radio will decrease from 20% to 6%.

Contractual Obligations and Commitments

The following table lists our future contractual obligations and commitments as of December 31, 2007:

		Payments due by Period			
Contractual Obligations (1)	Total	<1 year	1 3 years	3 5 years	>5 years
Long-term Debt (2)	$ 402,459	$ 19,586	$ 217,223	$ 165,650	
Capital Lease Obligations	3,520	960	1,920	640	
Operating Leases	43,092	6.750	12,254	9,425	14,663
Other Long-term Obligations	225,760	106,583	84,189	31,388	3,600
Total Contractual Obligations	$ 674,831	$ 133,879	$ 315,586	$ 207,103	$ 18,263

(1) The above table excludes our FIN 48 reserves and deferred tax liabilities as the future cash flows are uncertain as of December 31, 2007.

(2) Includes the estimated net interest

payments on fixed and variable rate debt and related interest rate swaps. Estimated interest payments on floating rate instruments are computed using our interest rate as of December 31, 2007, and borrowings outstanding are assumed to remain at current levels.

We have long-term noncancelable operating lease commitments for office space and equipment and capital leases for satellite transponders.

Included in Other Long-term Obligations enumerated in the table above, are various contractual agreements to pay for talent, broadcast rights, research and various related party arrangements, including $43,273 of payments due under the new Master Agreement and the previous Management Agreement. As more fully discussed below, on October 2, 2007, we entered into a new Master Agreement with CBS Radio (which closed on March 3, 2008). As a result of the new arrangement with CBS Radio, total contractual obligations will increase by $545,907 ($23,509 <1 year; $107,879 1-3 years; $123,919 3-5 years; and $290,600 > 5 years).

Related Parties

Periods Prior to CBS Closing which occurred on March 3, 2008

CBS Radio holds approximately 16,000 shares of our Common stock and prior to March 3, 2008 provided ongoing management services to us under the terms of the Management Agreement. In return for receiving services under the Management Agreement, we compensated CBS Radio via an annual base fee and provided CBS Radio the opportunity to earn an incentive bonus if we exceeded pre-determined targeted cash flows. For the years ended December 31, 2007, 2006 and 2005, CBS Radio earned cash compensation of $3,394, $3,273, and $2,853, respectively, however, no incentive bonus was paid to CBS Radio in such years as targeted cash flow levels were not achieved during such periods. On March 3, 2008, the Management Agreement terminated.

Prior to March 3, 2008, we and CBS Radio were also parties to a Representation Agreement (which included a News Programming Agreement, a Trademark License Agreement and a Technical Services Agreement) to operate the CBS Radio Network. In addition to the Management Agreement and Representation Agreement described above, we also entered into other transactions with CBS Radio and affiliates of CBS Radio, including Viacom, in the normal course of business, including affiliation agreements with many of CBS Radio s radio stations and agreements for programming rights. Prior to its termination, the Management Agreement provided that all transactions between us and CBS Radio or its affiliates, other than the Management Agreement and Representation Agreement which agreements were ratified by our shareholders, must be on a basis that is at least as favorable to us as if the transaction were entered into with an independent third party. In addition, subject to specified exceptions, the Management Agreement required that all agreements between us, on the one hand, and CBS Radio or any of its affiliates, on the other hand, were to be approved by the independent members of our Board of Directors.

During 2007, we incurred expenses aggregating approximately $66,633 for the Representation Agreement, affiliation agreements and the purchase of programming rights from CBS Radio and affiliates ($75,514 in 2006 and $78,388 in 2005). The description and amounts regarding related party transactions set forth in this report, and the consolidated financial statements and related notes, also reflect transactions between us and Viacom. Viacom is an affiliate of CBS Radio, as National Amusements, Inc. beneficially owns a majority of the voting powers of all classes of common stock of each of CBS Corporation and Viacom.

In addition to the base fee and incentive compensation described above, we granted to CBS Radio seven fully vested and nonforfeitable warrants to purchase 4,500 shares of our Common stock (comprised of two warrants to purchase 1,000 Common shares per warrant and five warrants to purchase 500 Common shares per warrant). As of December 31, 2007, 1,500 of these warrants were cancelled as our Common stock did not reach the specified price targets necessary for the warrants to become exercisable. On March 3, 2008, all warrants issued to CBS Radio were cancelled in accordance with the terms of the Master Agreement.

Overview of New Relationship with CBS

As described elsewhere in this report, on March 3, 2008, we and CBS Radio closed the arrangement described in the Master Agreement, dated as of October 2, 2007, by and between us and CBS Radio. On such date, the Master Agreement terminated and our Representation Agreement with CBS Radio was replaced by an Amended and Restated News Programming Agreement, an Amended and Restated License Agreement and an Amended and Restated Technical Services Agreement. At the closing, we and CBS Radio entered into various agreements in substantially the form set forth as exhibits to the Master Agreement, including the following: (1) Amended and Restated News Programming Agreement, (2) Amended and Restated Trademark License Agreement, (3) Amended and Restated Technical Services Agreement, (4) Mutual General Release and Covenant Not to Sue, (5) Amended and Restated Registration Rights Agreement, (6) Lease for 524 W. 57th Street, (7) Lease for 2020 M Street, (8) Sublease for 2000 M Street, (9) Westwood One Affiliation Agreements for certain CBS Radio owned and operated stations (CBS Stations) and (10) Metro Networks Affiliation Agreements for CBS Stations (documents 9 and 10, the Station Agreements and documents 1-10 collectively, the New Transaction Documents). These agreements were discussed in a Current Report on Form 8-K filed with the SEC on October 4, 2007 and included as part of a definitive proxy statement filed with the SEC on December 21, 2007. The closing under the Master Agreement was described in a Current Report on Form 8-K filed with the SEC on March 6, 2008 and the New Transaction Documents were included as exhibits to such filing. For convenience, a brief description of certain provisions of the New Transaction

Documents are set forth below, however, for a complete description of terms, please refer to the documents named above and the terms of the actual agreement themselves. The following summary is not complete and is not intended to be an exhaustive description of the New Transaction Documents.

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Termination of Existing Agreements

As a result of the Management Agreement having terminated on March 3, 2008, we will employ our own CEO going forward and CBS Radio will no longer reimburse us for the costs related to our CFO. In addition, Mr. Berger, a CBS Radio employee who previously served on our Board of Directors, resigned on March 3, 2008. Going forward, the $15,000 in compensation previously paid to CBS Radio under the Representation Agreement as well as $1,300 of the management fee previously paid to CBS Radio under the Management Agreement will be paid directly to the Stations as compensation under the new Station Agreements, which agreements will replace all existing affiliation agreements as described in more detail below. Under the terms of the Master Agreement, the maximum potential affiliate compensation payable to CBS Radio for broadcasting our commercials increased by $16,300. In addition, under the agreement, CBS Radio may earn an annual incentive bonus of up to $4,000 based on the percentage of commercial inventory its stations broadcast as described below.

New Long Term Distribution Relationship Station Agreements

We and CBS Radio entered into Station Agreements that document and extend through March 31, 2017 our current distribution of network news, local traffic and news programming, to CBS Stations through affiliation agreements and existing rights to, and levels of commercial inventory for, CBS Stations (also referred to as Stations below). The Station Agreements contain significant differences from the previous affiliation agreements, some of which are highlighted below.

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 original expiration date of the Management Agreement.

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 opposed to many of the previous affiliation agreements, under which we paid 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.

We may exercise a termination right with respect to a Westwood One Affiliation Agreement and collect liquidated damages from CBS Radio if the applicable CBS Radio Station fails to achieve commercial clearance of at least 75% for a prolonged period of time as described in the agreements. In general, the previous affiliation agreements did not have liquidated damages clauses.

The Station Agreements set forth terms that apply when Stations are sold by CBS Radio, unlike the previous affiliation agreements. For the first 35 Stations sold by CBS Radio, CBS Radio 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, however, the commercial inventory must be reallocated by CBS Radio to achieve Substantially Equivalent Distribution (as such term is defined in the Station Agreements) among the remaining Stations still owned by CBS Radio for the term of the Station Agreements. In respect of any

Station sold by CBS Radio after the first 35 Stations, CBS Radio must cause the buyer to either: (i) 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 (ii) reallocate the inventory to achieve Substantially Equivalent Distribution.

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

Under the proposed CBS Radio transactions, we will pay CBS Radio a maximum annual bonus of $4,000 for commercial clearance under the Westwood One Affiliation Agreements of 95% or higher and no bonus will be earned by CBS Radio if clearances are below 90%.

Framework for New Relationship Master Agreement

The Master Agreement was executed by CBS Radio and us on October 2, 2007 and became effective on March 3, 2008 (the Effective Date). It provides a legal framework for the proposed new relationship between CBS Radio and us. The Master Agreement itself has certain significant provisions, which in some cases apply to other New Transaction Documents, in part as described below. Certain key terms of the Master Agreement are as follows:

Extends certain existing non-competition and non-solicitation agreements between CBS Radio and us included in the now-terminated Management Agreement through March 31, 2010 and December 31, 2012, respectively, and sets forth the terms and conditions relating to CBS Radio s ability to sell ten second sponsorships adjacent to traffic reports through March 31, 2010.

Extends our previously-existing right of first refusal to syndicate certain CBS Radio programming through March 31, 2017.

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

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

As discussed above, provides for a maximum annual bonus of $4,000 payable to CBS Radio for commercial clearance of 95% or higher and no annual bonus payable to CBS Radio if clearances are below 90%.

Provides for a $2,000 payment from CBS Radio to us if commercial clearance in 2008 for CBS top ten markets is less than 93.75%.

Provides us with a limited right to defer up to $4,000 in payments to CBS Radio on two occasions during the first two years from the Effective Date.

Provides for new registration rights for CBS Radio s existing shares of Company Common stock.

Provides for certain confidentiality obligations and related covenants in the event of a change of control where a CBS Radio competitor acquires us or a significant portion of our assets.

Includes 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;

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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 CBS or us, 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 closing under the Master Agreement, we and CBS Radio amended and restated the News Programming Agreement, the Trademark License Agreement and the Technical Services Agreement (TSA) and entered into related leases with respect to certain facilities. The changes to these existing agreements and the new leases generally extend certain of our existing rights 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. The terms of the foregoing agreements have the following terms:

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

Provide us with certain exclusive rights to CBS Radio news programming, and non-exclusive rights to certain CBS Radio trademarks, for domestic AM/FM terrestrial radio broadcast (including HD1 and HD2 channels) 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 Radio news programming.

Limit the assignability of certain CBS Radio 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 Radio 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 Radio Broadcast Center in the event we are required to vacate the facility.

Release of Claims

As a condition to agreeing to extend our relationship with CBS Radio through March 31, 2017, each party was required to release all potential claims it had 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 Radio and the controlled affiliates of CBS Corporation, on the one hand, and our affiliates, on the other hand, of all potential pre-existing claims against the other party.

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Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with accounting principles that are generally accepted in the United States. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses as well as the disclosure of contingent assets and liabilities. We continually evaluate our estimates and judgments including those related to allowances for doubtful accounts, useful lives of property, plant and equipment and intangible assets, and other contingencies. We base our estimates and judgments on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. We believe that of our significant accounting policies, the following may involve a higher degree of judgment or complexity.

Revenue Recognition   Revenue is recognized when earned, which occurs at the time commercial advertisements are broadcast. Payments received in advance are deferred until earned and such amounts are included as a component of Deferred Revenue in the accompanying Balance Sheet.

We consider matters such as credit and inventory risks, among others, in assessing arrangements with its programming and distribution partners. In those circumstances where we function as the principal in the transaction, the revenue and associated operating costs are presented on a gross basis in the consolidated statement of operations. In those circumstances where we function as an agent or sales representative, our effective commission is presented within Revenue with no corresponding operating expenses.

Barter transactions represent the exchange of commercial announcements for merchandise or services. These transactions are recorded at the fair market value of the commercial announcements relinquished, or the fair value of the merchandise and services received. A wide range of factors could materially affect the fair market value of commercial airtime sold in future periods (See the section entitled   Cautionary Statement regarding Forward-Looking Statements   in Item 1 and Item 1A   Risk Factors), which would require us to increase or decrease the amount of assets and liabilities and related revenue and expenses recorded from prospective barter transactions.

Program Rights   Program rights are stated at the lower of cost, less accumulated amortization, or net realizable value. Program rights and the related liabilities are recorded when the license period begins and the program is available for use, and are charged to expense when the event is broadcast.

Valuation of Goodwill   Goodwill represents the residual value remaining after ascribing estimated fair values to an acquisition s tangible and intangible assets and liabilities. In accordance with Statement of Financial Accounting Standards No. 142 (SFAS 142)   Goodwill and Other Intangible Assets , the value assigned to goodwill and indefinite lived intangible assets is not amortized to expense, but rather the estimated fair value of the reporting unit is compared to its carrying amount on at least an annual basis to determine if there is a potential impairment. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the implied fair value of the reporting unit goodwill and intangible assets is less than their carrying value. In order to estimate the fair values of assets and liabilities a company may use various methods including discounted cash flows, excess earnings, profit split and income methods. Utilization of any of these methods requires that a company make important assumptions and judgments about future operating results, cash flows, discount rates, and the probability of various scenarios, as well as the proportional contribution of various assets to results and other judgmental allocations. We determine the fair value of our reporting unit by using the weighted average of a discounted cash flow model and the quoted market prices of its stock. The discounted cash flow method relies on our forecasted operating results which contain estimates and judgments. In arriving at these estimates and judgments we consider internal budgets and strategic plans, expected long term growth rates, and the potential effects of possible external factors and market conditions. If actual future conditions or events differ from our estimates, or if our stock price continues to decline, an additional impairment charge may be necessary to reduce the carrying value of goodwill, which charge could be material to our results of operations.

Allowance for doubtful accounts We maintain an allowance for doubtful accounts for estimated losses which may result from the inability of our customers to make required payments. We base our allowance on the likelihood of recoverability of accounts receivable by aging category, based on past experience and taking into account current collection trends that are expected to continue. If economic or specific industry trends worsen beyond our estimates, we would be required to increase our allowance for doubtful accounts. Alternatively, if trends improve beyond our estimates, we would be required to decrease our allowance for doubtful accounts. Our estimates are reviewed periodically, and adjustments are reflected through bad debt expense in the period they become known. Our bad debt expense was nominal in 2007, $2,323, or 0.5% of revenue, in 2006, $2,035, or 0.4% of revenue, in 2005. Changes in our bad debt experience can materially affect our results of operations. Our allowance for bad debts requires us to consider anticipated collection trends and requires a high degree of judgment. In addition, as fully described herein, our results in any reporting period could be impacted by a relatively few, but significant, bad debts.

Estimated useful lives of property, plant and equipment, and intangible assets We estimate the useful lives of property, plant and equipment and intangible assets in order to determine the amount of depreciation and amortization expense to be recorded during any reporting period. The useful lives, which are disclosed in Note 1- Summary of Significant Accounting Policies of the consolidated financial statements, are estimated at the time the asset is acquired and are based on historical experience with similar assets as well as taking into account anticipated technological or other changes. If technological changes were to occur more rapidly than anticipated or in a different form than anticipated, the useful lives assigned to these assets may need to be shortened, resulting in the recognition of increased depreciation and amortization expense in future periods. Alternately, these types of technological changes could result in the recognition of an impairment charge to reflect the write-down in value of the asset.

We review the recoverability of our long-lived assets and finite-lived identifiable intangible assets for recoverability whenever events or changes in circumstances indicated that the carrying amount of an asset may not be recoverable in accordance with Statement of Financial Accounting Standards (SFAS) No. 144, Accounting for the Impairment or Disposal of Long Lived Assets. Our intangible asset balance is not material ($3,443 at December 31, 2007), and the evaluation of intangible assets requires that we make important assumptions and judgments about future operating results and cash flows as well as discount rates. In estimating future operating results and cash flows, we consider internal budgets and strategic plans, expected long term growth rates, and the effects of external factors and market conditions. If actual future operating results and cash flows or external conditions differ from our judgments, or if changes in assumed discount rates are made, an impairment charge may be necessary to reduce the carrying value of intangible assets, which charge could be material to our results of operations in the year it is recorded.

Valuation of stock options and warrants For purposes of computing the value of stock options and warrants, various valuation methods and assumptions can be used. The selection of a different valuation method or use of different assumptions may result in a value that is significantly different from that computed by us. In certain circumstances, usually depending on the complexity of the calculation, we may employ the services of a valuation expert. Additionally, a change in the estimated rate of forfeitures may result in a significant change in stock-based compensation expense for a given period. For further information on assumptions used refer to Note 9 Equity-Based Compensation to the consolidated financial statements. In 2007, we changed our estimated rate of forfeitures based on past experience, which as a result had the effect of reducing stock-based compensation expense by $372, in the current period.

Recent Accounting Pronouncements Affecting Future Results

In September 2006, the FASB issued Fair Value Measurements (SFAS No. 157). SFAS No. 157 establishes a common definition of fair value to be applied to US GAAP guidance that requires the use of fair value, establishes a framework for measuring fair value and expands disclosure about such fair value measurements. SFAS No. 157 was effective for fiscal years beginning after November 15, 2007; except for certain non-financial assets where the effective date will be January 1, 2009. The adoption of SFAS No. 157 is not expected to have a material effect on the consolidated financial position or results of operations.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of FASB No. 115 (SFAS No. 159), which provides a fair value measurement option for eligible financial assets and liabilities. Under SFAS No. 159, an entity is permitted to elect to apply fair value accounting to a single eligible item, subject to certain exceptions, without electing it for other identical items. Subsequent unrealized gains and losses on items for which the fair value option has been elected will be included in earnings. The fair value option established by this Statement is irrevocable, unless a new election date occurs. This standard reduces the complexity in accounting for financial instruments and mitigates volatility in earnings caused by measuring related assets and liabilities differently. SFAS No. 159 is effective as of the beginning of an entity s first fiscal year beginning after November 15, 2007 which is January 1, 2008. We will adopt the provisions of this Statement beginning in fiscal 2008. Management is currently evaluating the impact the adoption of SFAS No. 159 will have on our consolidated financial statements, but do not presently anticipate it will have a material effect on its consolidated financial position or results of operations.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations (SFAS 141R). SFAS 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS 141R also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS 141R is effective as of the beginning of an entity s fiscal year that begins after December 15, 2008, and will be adopted by us in the first quarter of fiscal 2010. Management is currently evaluating the potential impact, if any, of the adoption of SFAS 141R on our consolidated results of operations and financial condition.

Item 7A. Qualitative and Quantitative Disclosures about Market Risk

In the normal course of business, we employ established policies and procedures to manage our exposure to changes in interest rates using financial instruments. We use derivative financial instruments (fixed-to-floating interest rate swap agreements) for the purpose of hedging specific exposures and hold all derivatives for purposes other than trading. All derivative financial instruments held reduce the risk of the underlying hedged item and are designated at inception as hedges with respect to the underlying hedged item. Hedges of fair value exposure are entered into in order to hedge the fair value of a recognized asset, liability, or a firm commitment.

In order to achieve a desired proportion of variable and fixed rate debt, in December 2002, we entered into a seven-year interest rate swap agreement covering $25,000 notional value of its outstanding borrowing to effectively float the interest rate at three-month LIBOR plus 74 basis points and two ten-year interest rate swap agreements covering $75,000 notional value of its outstanding borrowing to effectively float the interest rate at three-month LIBOR plus 80 basis points. In total, the swaps covered $100,000 which represents 50% of the notional amount of Senior Unsecured Notes.

These swap transactions allow us to benefit from short-term declines in interest rates. The instruments meet all of the criteria of a fair-value hedge. We have the appropriate documentation, including the risk management objective and strategy for undertaking the hedge, identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the hedging instrument s effectiveness offsets the exposure to changes in the hedged item s fair value or variability in cash flows attributable to the hedged risk. In November 2007, an interest rate swap agreement covering $50,000 notional value of its outstanding borrowing was cancelled at a cost of approximately $576.

With respect to the borrowings pursuant to the Facility, the interest rate on the borrowings was based on the prime rate plus an applicable margin of up to .25%, or LIBOR plus an applicable margin of up to 1.25%, as we chose. On January 11, 2008, the Facility was amended, and as a result, the applicable margins increased to 0.75% and 1.75% respectively. Historically, we have typically chosen the LIBOR option with a three month maturity. Every .25% change in interest rates has the effect of increasing or decreasing our annual interest expense by $5 for every $2,000 of outstanding debt. As of December 31, 2007, we had $145,000 outstanding under the Facility.

We continually monitor our positions with, and the credit quality of, the financial institutions that are counterparties to our financial instruments, and do not anticipate non-performance by the counterparties.

Our receivables do not represent a significant concentration of credit risk due to the wide variety of customers and markets in which we operate.

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Item 8. Financial Statements and Supplementary Data

The consolidated financial statements and the related notes and schedules were prepared by and are the responsibility of management. The financial statements and related notes were prepared in conformity with generally accepted accounting principles and include amounts based upon management s best estimates and judgments. All financial information in this annual report is consistent with the consolidated financial statements.

We maintain internal accounting control systems and related policies and procedures designed to provide reasonable assurance that assets are safeguarded, that transactions are executed in accordance with management s authorization and properly recorded, and that accounting records may be relied upon for the preparation of consolidated financial statements and other financial information. The design, monitoring, and revision of internal accounting control systems involve, among other things, management s judgment with respect to the relative cost and expected benefits of specific control measures.

Our consolidated financial statements have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, who have expressed their opinion with respect to the presentation of these statements.

The Audit Committee of the Board of Directors, which is comprised solely of directors who are independent under NYSE rules and regulations, meets periodically with the independent auditors, as well as with management, to review accounting, auditing, internal accounting controls and financial reporting matters. The Audit Committee, pursuant to its charter, is also responsible for retaining our independent accountants. The independent accountants have full and free access to the Audit Committee with and without management s presence. Further, as a result of changes in the listing standards for the New York Stock Exchange and as a result of the Sarbanes-Oxley Act of 2002, members of the Audit Committee are required to meet stringent independence standards and at least one member must have financial expertise. All of our Audit Committee members satisfy the independence standards and the Audit Committee also has at least one member with financial expertise.

The consolidated financial statements and the related notes and schedules are indexed on page F-1 of this report, and attached hereto as pages F-1 through F-28 and by this reference incorporated herein.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2007 (the Evaluation). Based upon the Evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) are effective as of December 31, 2007 in ensuring that information required to be disclosed by us in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC s rules and forms that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

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Management s Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f)). Our internal control over financial reporting is a process designed under the supervision of our Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Management evaluated the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control Integrated Framework*. Management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2007 and concluded that it is effective as of such date. The effectiveness of the Company s internal control over financial reporting as of December 31, 2007, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

Directors

The directors of the Company, as of April 15, 2008 are listed below. The Company s Board of Directors (referred to in this Part III only as the Board) is divided into three classes (Class I, II, and III), each class serving for three-year terms, which terms are staggered and expire as indicated below. Each director s class, the committees on which he serves, his age as of April 30, 2008 and the year he became a director of the Company is indicated below.

					Committee Assignments			
Name (I = Independent)	Age	Director Since	Class	Term Expires	Audit Committee	Compensation Committee	Nominating and Governance Committee	Strategic Review Committee
Thomas F.X. Beusse	41	2008	I	2010				
Albert Carnesale (I)	71	2005	II	2009			*	*
David L. Dennis (I)	59	1994	II	2009		*	**	**
Gerald Greenberg (I)	65	1994	III	2008	*	**	*	*
Grant F. Little, III (I)	43	2006	II	2009	**			*
H. Melvin Ming (I)	63	2006	III	2008	*			*
Norman J. Pattiz	65	1974	I	2010				
Joseph B. Smith (I)	80	1994	I	2010		*		*

* Member

** Chair

The principal occupations and professional background of the eight directors are as follows:

Mr. Beusse has been a director of the Company since January 1, 2008, when he was named President and CEO of the Company. Mr. Beusse served as the President of Time4 Media from January 2006 to March 2007 at which time the division was sold by Time Inc. From March 2001 to October 2005, he held various positions at Rodale, Inc., ranging from Senior Vice President of Rodale Sports Group (March 2001 to November 2001) to President Men s Health/Sports Content Group (December 2001 to December 2004) and President of Magazine Publishing until October 2005.

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.

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 was also 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 of the United States of America, which oversees all U.S. non-military international broadcast services. As chairman of the Middle East committee, he was the driving force behind the creation of Radio Sawa, the BBG s 24/7 music, news and information radio network, and Alhurra Television, the U.S. sponsored, Arabic language satellite TV channel to the entire 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 for Communication at the University of Southern California, the Board of Trustees of the Paley Center for Media 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. He is Director of the Office of Foreign Relations of the Los Angeles Sheriff s Department, and serves on the Region 1, Homeland Security Advisory Council.

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.

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Named 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 . Such individuals are referred to in this report as the Company s named executive officers (or NEOs) for 2007, to whom the Compensation Discussion and Analysis appearing below relates. As previously noted, on July 12, 2007, Mr. Zaref s employment with the Company ceased, 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 (or CAO), in addition to his other positions listed below. Finally, as previously disclosed in a Form 8-K filed with the SEC on January 11, 2008, Mr. Beusse was named President and CEO on January 8, 2008, replacing Mr. Kosann, a CBS employee.

Named Executive Officer	Position
Norman J. Pattiz	Chairman of the Board
Thomas F.X. Beusse	Chief Executive Officer and President (as of January 8, 2008)
Peter Kosann	Chief Executive Officer and President (through January 8, 2008)
Gary J. Yusko	Chief Financial Officer and Principal Accounting Officer (as of July 16, 2007)
Andrew Zaref	Executive Vice President and Chief Financial Officer (through July 12, 2007)
David Hillman	Chief Administrative Officer (as of July 10, 2007); Executive Vice President, Business Affairs and General Counsel
Paul Gregrey	Executive Vice President, Sales, Network Division

The professional background of the named executive officers for fiscal year 2007 who are not also directors of the Company follows:

Gary J. Yusko

Gary J. Yusko (age 53) 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 though March 2006. Prior to that time, Mr. Yusko served in various executive positions for the Company for nearly 20 years, most recently as the Company s Executive Vice President 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.

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

Andrew Zaref (age 42) served as the Company s Executive Vice President and Chief Financial Officer through June 12, 2007. 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.

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David Hillman

David Hillman (age 39) serves as the Company s Chief Administrative Officer; Executive Vice President, Business Affairs and General Counsel. 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 and Chief Administrative Officer on July 10, 2007.

Paul Gregrey

Paul Gregrey (age 48) 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.

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 2007 its executive officers, directors and more than ten percent beneficial owners complied with all SEC filing requirements applicable to them.

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) and are available in print at no cost to any shareholder upon request by contacting the Company at (212) 641-2000 or sending a letter to 40 West 57th Street, New York, NY 10019, Attn: Secretary.

Changes to Director Nomination Procedures

No material changes have been made to the Company s procedures regarding how security holders may recommend nominees to the Company s Board.

Committees of the Board

The Board of Directors has an Audit Committee, Compensation Committee, Nominating and Governance Committee and Strategic Review Committee. The Board has adopted a written charter for each of the committees, with the exception of the Strategic Review Committee which has no charter. The full text of each committee charter and the Company s Corporate Governance guidelines are available on the Company s website at 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.

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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 2007 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 the qualifications of Mr. Little as an audit committee financial expert, see his biography which appears above under the heading entitled Directors in this Item 10.

The Audit Committee is responsible for, among other things, the appointment, compensation, retention and oversight of the Company s independent registered public accounting firm; reviewing with the independent registered public accounting firm 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 registered public accounting firm on a regular basis. For additional information on the Audit Committee s role and its oversight of the independent registered public accounting firm during 2007, see Report of the Audit Committee. There were nine meetings of the Audit Committee in 2007.

The Compensation Committee

The current members of the Compensation Committee are Messrs. Greenberg (Chair), Dennis and Smith. 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.

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):

- Establish, oversee and recommend to the Board the implementation of overall compensation policies for executive officers as well as for compensation provided to officers 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
- Oversee the administration of all qualified and non-qualified employee compensation and benefit plans, including stock incentive plans.

In carrying out its responsibilities, the Committee is authorized to engage outside advisors to consult with the Committee as it deems appropriate. There were seven meetings of the Compensation Committee in 2007.

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 was one meeting of the Nominating and Governance Committee in 2007.

The Strategic Review Committee

The current members of the Strategic Review Committee are Messrs. Dennis (Chair), Carnesale, Greenberg, Little, Ming and Smith. Each member of the Strategic Review Committee meets the independence requirements of the NYSE. The Strategic Review Committee is responsible for reviewing and evaluating strategic alternatives with a view towards whether any or a combination of strategic alternatives are in the best interests of the Company and its stockholders. Members of the Strategic Review Committee were actively involved in the discussions with CBS Radio regarding the modification and/or extension of the Company s agreements and arrangements with CBS Radio and the investment by Gores Radio Holdings, LLC (together with certain related entities Gores), an entity managed by The Gores Group, LLC. The Strategic Review Committee also has a working group, whose members consist of Messrs. Dennis (Chair), Little and Ming. There were fourteen (14) meetings of the Strategic Review Committee and twenty-nine (29) meetings of the Strategic Review Committee s working group in 2007.

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

Additionally, we have submitted to the NYSE a certification by our Chief Executive Officer that as of January 2, 2008, he is not aware of any violation by the Company of the NYSE s Corporate Governance listing standards.

Item 11. Executive Compensation

Compensation Discussion and Analysis

The following narrative is describes how the Company determined 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 were determined and by whom. 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 2007, except that references are made below to the Company s employment agreement with Thomas F.X. Beusse, who became the Company s Chief Executive Officer and President on January 8, 2008 and the terms of Amendment No. 3 to the Company s employment agreement with Norman J. Pattiz, the Company s Chairman of the Board, which amendment became effective on January 8, 2008. The terms of Mr. Beusse s employment agreement and Amendment No. 3 to Mr. Pattiz s employment agreement 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, was and is primarily responsible for determining the compensation of the Company s NEOs on an annual basis. The Committee exercised 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 then CEO, based on CBS Radio s recommendation) to the Committee. Depending on the circumstances and as described in greater detail below, the Committee is generally 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 its outside legal counsel. CBS Radio, which owns 15.8% of the Company (taking into account the 14,285,714 shares of Common Stock the Company issued to Gores) and which under a long standing management agreement managed the Company until March 3, 2008, played a significant role in reviewing, recommending and establishing NEO s compensation in fiscal years 2006 and 2007, as described below. As the manager of the Company (until March 3, 2008), CBS Radio employed the Company s CEO, Mr. Kosann, and pursuant to its employment agreement with the CEO, CBS Radio determined the CEO s base salary and potential discretionary annual bonus. With respect to Mr. Beusse, who was hired while CBS Radio was the manager of the Company, CBS Radio consented to Mr. Beusse s employment as the Company s CEO, and agreed to reimburse the Company for Mr. Beusse s salary through the closing date of the Master Agreement (which occurred on March 3, 2008).

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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 currently provide to its 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) has been to attract, retain and motivate management in a manner that is in the best interests of the Company s shareholders. 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, in order to attract and retain 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. In connection with the Company s separation from CBS Radio and commencement of operating as an independent company, the Company is focused on re-investments in the business and attracting key talent. Beginning with the hiring of Thomas Beusse as the Company s CEO and President, the Committee has placed a premium on attracting high-level talent, which the Committee anticipates will likely result in higher levels of cash and equity compensation granted to new executives upon their hiring in 2008.

Process and Roles of Parties

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 historically reviewed them with a representative of CBS Radio, which acted as manager of the Company until March 3, 2008. 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 has been made by CBS Radio.

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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, 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 Company 2005 Equity Compensation Plan (the 2005 Plan) and/or the Company s 1999 Equity Compensation Plan (the 1999 Plan)) and the present value of the award. The Committee receives significant input from management, as appropriate, and the Committee met separately with CBS Radio (when CBS Radio was the Company s manager), to understand and factor into its decisions as full a picture of the relevant facts and circumstances as possible.

How large a role was played by CBS Radio, as manager of the Company through March 2008, in determining compensation to NEOs?

Through March 3, 2008, CBS Radio was 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 was then included in dialogue among the Committee, the Board and management regarding management s recommendations. CBS Radio played a particularly significant role in the CEO s and CFO s compensation, as: (i) the Company s CEO was compensated (in cash, not equity) pursuant to an employment agreement with CBS Radio (until Mr. Beusse was hired in January 2008 as described below), and not the Company, and (ii) the current CFO s salary and bonus was paid by the Company but was partially reimbursed by CBS Radio, and such employment agreement was with, and was negotiated by, the Company in conjunction with CBS Radio.

However, as discussed elsewhere in this report, on March 3, 2008, the Management Agreement pursuant to which CBS Radio managed the Company was terminated. As a result, the Company s CEO is no longer employed by, and the CFO s compensation is not reimbursed by, CBS Radio. Accordingly, CBS Radio will not have the role described in this report in determining compensation in fiscal year 2008. Because the Master Agreement with CBS Radio was signed in October 2007, and the parties anticipated closing in the first quarter of 2008, unlike Mr. Kosann s agreement, Mr. Beusse s employment agreement was made directly with the Company. Under the terms of a consent agreement (a copy of which was filed with the SEC on January 10, 2008 as an exhibit to a Form 8-K), CBS Radio consented to Mr. Beusse s employment as the Company s CEO, and agreed to reimburse the Company for Mr. Beusse s salary through the closing date of the Master Agreement (which occurred on March 3, 2008).

When do NEOs receive their discretionary compensation awards?

Beginning with awards made in 2007, the Company has made 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, made equity compensation awards at other times in connection with a new employee s date of hire or in connection with a significant promotion (as with Mr. Hillman to CAO). While the Committee does not have a formal written policy on awarding equity compensation based on material non-public information, it has taken steps to try to ensure that it does not do so. While management generally proposes equity compensation awards for Company employees for the Committee s consideration in January and/or February, the Committee has determined not to make equity compensation awards to key employees (including NEOs) until after the Company s earnings for the most recent fiscal year end have been announced. In 2008, the Committee was mindful of the ongoing discussion with Gores and the impending closing of the CBS transaction, and determined equity compensation should not be awarded until after both transactions were announced. 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 2006 and 2007 were made by the Committee in March 2007 and March 2008, respectively.

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What are the elements of compensation to NEOs?

There are three main components of compensation: (1) base salary; (2) discretionary annual bonus; and (3) equity compensation. The Company generally establishes a NEO s base salary in the individual s employment agreement, based generally on competitive pay levels, the Company s internal pay structure and appropriate fixed pay to compensate sufficiently the NEOs for performing his/her duties and responsibilities. However, for the most part, all other payments (e.g., signing bonus, retention bonus, annual discretionary bonus, equity compensation awards) are wholly-discretionary and/or contingent on the NEO remaining with the Company. In the case of Messrs. Hillman and Gregrey, the Company awarded retention bonuses to retain the services of NEOs for multi-year periods. Mr. Yusko received a signing bonus which, subject to certain circumstances, is recoupable by the Company if he does not remain employed by the Company for two years. Mr. Beusse is guaranteed to receive a minimum of $300,000 for his 2008 bonus. However, with the exception of the foregoing, the Committee has believed discretionary annual bonuses should be used to reward a NEO s outstanding individual performance and that 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. Given the recent performance of the Company s Common Stock, a larger portion of NEOs compensation has been their cash compensation (salary plus bonus) as compared to their equity compensation.

The following table shows the compensation awarded to each NEO for the 2007 performance year:

	Elements of Compensation (1)			
Active 2007 NEOs	Salary	Bonus (2)	Equity Awards (3)	Total Compensation
Norman J. Pattiz Chairman of the Board	$ 400,000		$ 36,583	$ 436,583
Gary J. Yusko Chief Financial Officer	$ 207,692	$ 222,917	$ 145,950	$ 576,559
David Hillman Chief Administrative Officer	$ 373,846	$ 208,333	$ 145,950	$ 728,129
Paul Gregrey EVP Sales, Network Div.	$ 370,050	$ 70,769	$ 52,542	$ 493,361
Former 2007 NEOs				
Peter Kosann Chief Executive Officer	$ 625,000	$ 150,000	$ 0	$ 775,000
Andrew Zaref Chief Financial Officer	$ 270,833 (4)	$ 0	$ 0	$ 270,833

(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 2008 for 2007 performance. These also include, in the case of Mr. Yusko, a $100,000 signing bonus which will be earned over the first two years of Mr. Yusko s agreement (or $22,917 from July 16, 2007 to December 31, 2007), in the case of Mr. Hillman, 33,333.36 of a retention bonus paid in 2006 and in the case of Mr. Gregrey, $30,769.20 of a retention bonus paid in 2006 (but in each case earned in 2007) as further described in footnotes 4 and 5 of the Summary Compensation Table. Pursuant to the terms of the Master Agreement between the Company and

CBS Radio, the Company is required to reimburse CBS Radio one-half, or $75,000, of Mr. Kosann s 2007 bonus.

(3) The value listed in the table under Equity Awards above contains only the value of the equity awards (in accordance with FAS 123R) granted to the NEOs in March 2008 for 2007 performance and in the case of Mr. Pattiz, options and restricted stock granted in December 2007 pursuant to his employment agreement but not options granted to Mr. Pattiz in January 2008 as such options were not awarded for past performance. This amount is not the same amount disclosed in the Summary Compensation Table. As discussed in footnote 6 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 2007 in accordance with FAS 123R.

(4) Excludes amounts paid to Mr. Zaref after his termination.

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How was the compensation of the Company s new President and CEO determined and how does it differ from the compensation awarded to other NEOs?

In the fourth quarter of 2007, the Board commenced a search for a Company CEO, in anticipation of the termination of the Company s Management Agreement with CBS Radio. Significantly, this CEO would be the first CEO hired, and employed, directly by the Company since 1994, when the Management Agreement with CBS Radio originally went into effect, and this new CEO would be tasked with growing the Company as an independent (non-CBS managed) company. A search firm was hired; after several months, a leading candidate was identified, and terms of employment were negotiated. The terms of his compensation, when compared to other NEOs employment agreements, are distinguishable in a number of significant ways:

1. Mr. Beusse received on his date of hire options to purchase an aggregate of 1,000,000 shares of Company Common Stock;

2. If Mr. Beusse s employment is terminated by the Company or by him for good reason upon or within twenty-four months following a change in control other than for a cause event, all of his equity compensation vests and becomes exercisable in full (the terms good reason, cause and change in control are defined in Mr. Beusse s employment agreement and a summary of such terms is set forth below under the heading entitled Employment Agreements Defined Terms: Cause, Good Reason, Change in Control);

3. Mr. Beusse is entitled to a severance payment ($1,900,000) that is larger than the severance provided to other NEOs in the event he is terminated other than for a cause event, or for good reason;

4. Mr. Beusse will receive a 280G gross-up payment in certain instances to indemnify Mr. Beusse for the effect of any excise tax imposed by Section 4999 of the Internal Revenue Code for payments due under Mr. Beusse s employment agreement that exceed the 280G limitations of the Code.

Committee members worked intensively over the course of a number of weeks, and met several times to negotiate and structure the terms of Mr. Beusse s employment agreement. They were assisted by the Committee s compensation adviser and their outside legal counsel. The amount of Mr. Beusse s equity compensation award upon signing was a topic of significant discussion. The 1,000,000 stock option award represented nearly 1% of the Company s outstanding Common Stock on a fully-diluted basis and based solely on this number, was on the high-end of equity compensation awards made to CEOs in the industry. However, the Committee took into account the following in determining the stock option award was appropriate: (1) Mr. Beusse s base salary ($700,000 for three years) and 2008 bonus guarantee ($300,000) were average for CEOs in the industry; (2) future bonus payments and equity compensation awards would be made in the sole discretion of the Committee based on the achievement of performance goals; and (3) the stock option award had a value in the middle of the range of other awards made to other CEOs in the industry, in large part because of the Company s depressed share price. The size of the award and the accelerated vesting provisions applicable to his equity compensation were also critical components to securing Mr. Beusse s employment. Given the Company s ongoing strategic process (which was disclosed in the Company s filings with the SEC), change in control provisions were substantially negotiated. In addition, as noted elsewhere, the Committee designated one-half of the award as a material inducement grant under NYSE rules.

Finally, because the Committee wished to secure a material non-compete from Mr. Beusse in the event of his termination, the Committee agreed to a $1.9 million severance payment contingent on obtaining a release from Mr. Beusse and his agreement not to compete with the Company for two years. Given such payment and the accelerated vesting provisions of Mr. Beusse s equity compensation upon certain termination events, the Company provided Mr. Beusse with a 280G gross-up payment so that any taxes associated with such payments would be borne by the Company, and not Mr. Beusse. However, the Committee also negotiated that if the total benefits payable to Mr. Beusse upon a change in control do not exceed 110% of the maximum amount that could be paid to Mr. Beusse without the imposition of any excise tax, then the benefits would be reduced so no excise tax was payable and no 280G payment would be made.

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

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 has not been significantly involved in the structuring of employment agreements which set forth a NEO s base salary, although the Company reviews and ultimately approves such employment agreements (other than the employment agreement between the CEO and CBS Radio when Mr. Kosann was CEO). Recently, the Committee took an active role in structuring employment agreements in the following instances: Amendment No. 3 to the employment agreement for the Company s Chairman (Mr. Pattiz), the employment agreements for the CEO (Mr. Beusse) and CFO (Mr. Yusko) and Amendment No. 2 to the employment agreement for Mr. Hillman when he became CAO in July 2007. Mr. Yusko was hired, and Mr. Hillman was appointed CAO, at approximately the same time the Board and CBS Radio reached an agreement on the terms of Mr. Kosann s ultimate separation from the Company. Given that Mr. Kosann s departure was announced in July 2007, the Board determined Mr. Yusko and Mr. Hillman should serve increased management functions until a replacement CEO was hired. This was a key factor in appointing Mr. Hillman to the position of CAO and increasing his base salary effective with such appointment and in providing Mr. Yusko (who was previously employed by the Company from 1987 to 2006) with equity compensation and a cash signing bonus upon his execution of an employment agreement.

Both Mr. Hillman s original employment agreement (executed in 2004) when he was appointed General Counsel and Mr. Gregrey s original employment agreement (executed in 2003) when he was appointed EVP, Network Sales were negotiated by the Company s CEO, in part because they were not new executive hires. Both individuals have been employed by the Company for several years (since 2000 and 1999, respectively) and other than incremental increases in their base salaries and their change in title, their agreements did not change in any material respect.

Discretionary Annual Compensation Bonus

In 2007, 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 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.

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.

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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 in 2006. This trend continued in 2007 as the Company experienced a 15% decrease in EBITDA when compared to 2006 and a material decline in its stock price. However, unlike 2006, when the actual bonuses paid to the NEOs were substantially below their target amounts, the Committee believed in 2007 that Messrs. Yusko and Hillman should be compensated for their role in negotiating and closing the Master Agreement with CBS Radio and providing such information and counsel as requested of them in connection with the Company s strategic review process, which culminated in the Company s execution of a purchase agreement with Gores, as described above. The Committee determined that Mr. Yusko s bonus (as a % of target) should be viewed in the context of his having re-joined the Company after the first half of the year (on July 16, 2007). Mr. Kosann, who served as the Company s CEO for all of 2007 received the same bonus as in 2006 in large part because of the terms of his separation from the Company. Mr. Zaref whose employment with the Company ceased in July 2007, did not receive a bonus for fiscal year 2007.

Active 2007 NEOs	Target Bonus (1)	Bonus Paid	% of Target
Norman J. Pattiz, Chairman of the Board	n/a	n/a	n/a
Gary J. Yusko, Chief Financial Officer	$ 315,000	$ 200,000(2)	63.5%
David Hillman, Chief Administrative Officer	$ 135,000	$ 175,000	129.6%
Paul Gregrey, EVP Sales, Network Div.	$ 275,000	$ 40,000	14.5%
Former 2007 NEOs			
Peter Kosann, Chief Executive Officer	$ 600,000	$ 150,000	25.0%
Andrew Zaref, Chief Financial Officer	$ 350,000	n/a	n/a

(1) As set forth in such NEO s employment agreement. Mr. Pattiz s employment agreement does not specify a target bonus. While Mr. Zaref s employment agreement specifies a target bonus, the Committee did not award him a bonus for 2007 as the bonus is discretionary.

(2) As discussed elsewhere in this report, until

the termination of the Management Agreement, CBS Radio reimbursed the Company for Mr. Yusko s salary and bonus. CBS Radio reimbursed the Company for $125,000 of such amount.

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 their individual performance and the performance of departments over which they exercise substantial control. The Committee took into account the Company s revenue, net income, cash flow and stock price when analyzing Company performance, while simultaneously recognizing the current challenges in the radio industry and the culmination of a year-long discussion 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 July 2007 in connection with his promotion to CAO.

Equity Compensation

Equity is a critical component of the Company s compensation plan. Equity compensation awards are made under the Company s 2005 Plan or 1999 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 were made available for issuance under the 2005 Plan. As of March 31, 2008, approximately 3.2 million of such shares remain available for issuance by the Company under the 2005 Plan, and approximately 2.9 million shares remain available for issuance under the 1999 Plan until March 31, 2009.

In March 2008 (for services rendered in 2007), the Committee determined to make all equity grants awarded at that time in the form of stock options, as opposed to a combination of restricted stock and stock options, and issued such under the 1999 Plan. Having become an independent company, entered into a new long-term distribution arrangement with CBS Radio and secured a significant level of financing from Gores, the Company has recently expressed an interest in making selective investments in the Company. Given the foregoing and the roles of Messrs. Yusko and Hillman in such, Messrs. Yusko and Hillman received significant stock option awards, compared to other employees of the Company.

- Gary J. Yusko received in March 2008 a stock option to purchase 175,000 shares of Common Stock
- David Hillman received in March 2008 a stock option to purchase 175,000 shares of Common Stock
- Paul Gregrey received in March 2008 a stock option to purchase 63,000 shares of Common Stock
- Norm Pattiz received 8,333 RSUs and a stock option to purchase 25,000 shares of Common Stock in December 2007 pursuant to his employment agreement (prior to its being amended by Amendment No. 3 in January 2008)

In connection with the various new employment agreements and/or amendments to existing arrangements, the following awards were made to NEOs during 2007 and early 2008 in order to provide significant incentives and retention value to NEOs as well as further align the interests of NEOs with our shareholders:

- Gary J. Yusko received 65,000 shares of restricted stock and a stock option to purchase 75,000 shares of Common Stock in July 2007 upon entering into his employment agreement. The restricted stock was issued in two awards, one of which (15,000 shares of restricted stock) was issued with a two-year stock vest.
- David Hillman received 15,000 shares of restricted stock with a two-year vesting period in July 2007 upon executing Amendment No. 2 to his employment agreement.
- Norm Pattiz received a stock option to purchase 250,000 shares of Common Stock with a three-year vesting period in January 2008 upon executing Amendment No. 3 to his employment agreement, which extended the term of Mr. Pattiz s employment as Chairman of the Board through June 15, 2009. This helped provide continuity after the termination of CBS Radio as manager of the Company and the changes in the Company s CEO and CFO in January 2008 and July 2007, respectively.
- Thomas F.X. Beusse received stock options to purchase an aggregate of 1,000,000 shares of Common Stock with a three-year vesting period in January 2008 and in connection with entering into his employment agreement as a material inducement for Mr. Beusse to join the Company. Although not a NEO for 2007, Mr. Beusse became the Company s CEO and President on January 8, 2008.

Payments Upon Termination

Certain NEOs are entitled to cash payments upon various termination scenarios, including upon a change in control, death or disability, good reason, or termination without cause. These payments are more particularly described under the table entitled Potential Payments upon Termination or Change in Control ; the summaries of employment agreements that follow under the heading entitled Employment Agreements ; and the narrative that follows regarding such payments. The Company does not have any arrangements with its NEOs, written or otherwise, for 280G gross-up or similar type payments, with the exception of Mr. Beusse (not a NEO in 2007), the terms of which are set forth under the section entitled Employment Agreements below. In the case of death or disability, only Mr. Pattiz is entitled to a payment in excess of any accrued salary, bonus or benefits.

Duration of Vesting Term

In March 2007, the Committee set the vesting period of equity compensation awarded as part of the annual grant to employees in 2007 at three years, and maintained this vesting period in 2008 for awards made as part of the 2008 annual grant to employees. As noted above, both Messrs. Yusko and Hillman received a one-time grant of equity compensation which vests over two years in connection with their appointments as CFO and CAO, respectively. The Committee viewed the two-year vesting term of such grants as a special circumstance because of Messrs. Yusko s and Hillman s roles in the CBS and Gores transactions as discussed above. 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

2005 Plan. From the executive s perspective, 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 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, and made stock options the sole component of equity compensation grants in March 2008, in part because of the steep decline in the Company s stock price in 2007, and made those awards under the 1999 Plan.

1999 Plan. In part because of the depressed stock price, and in part because of the limited number of shares available for issuance under the 2005 Plan (particularly after taking into account the aggregate 750,000 stock options awarded to Messrs. Pattiz and Beusse in January 2008 under the 2005 Plan), the equity compensation awards made in March 2008 as part of the annual equity compensation awards to employees were granted under the terms of the 1999 Plan. Issuing the stock options under the 1999 Plan does not change in any material respect any rights of the awardees with respect to the stock options. The awards made under such plan also expressly incorporate the defined terms cause and change in control and the effect of such terms from the 2005 Plan. Unless expressly negotiated otherwise, unvested stock options continue to be forfeited upon an employee s termination, including by death or disability. In addition, any outstanding options that were issued in March 2008 under the 1999 Plan, like those previously issued under the 2005 Plan, will 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 delayed until vesting. While dividends, if any, begin to accrue on the date a RSU is granted, a 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.

Unvested awards generally are forfeited upon an employee s termination, including by death or disability, except when termination occurs within a 24-month period after a change of control, or when termination is without cause or for good reason. 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.

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2005 Plan s Definition of Change in Control

Under the 2005 Plan, a change in control generally is: (i) the acquisition by any person of 35% or more of the Company s outstanding Common Stock; (ii) a change in the individuals constituting a majority of the Board; (iii) consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of assets or stock of another corporation resulting in a change of ownership of more than 50% of the voting securities entitled to vote generally in the election of directors, (iv) a shareholder approved complete liquidation or dissolution of the Company; or (v) the consummation of any other transaction involving a significant issuance of the Company s securities, a change in the Board composition or other material event that the Board determines to be a change in control.

For the definitions used in NEOs employment agreements, please refer to the summaries under the heading Employment Agreements which appears below.

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.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with Company management the Compensation Discussion and Analysis which appears above. 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 report filed with the SEC.

Submitted by the members of the Compensation Committee:

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

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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 years ended December 31, 2006 and December 31, 2007, respectively.

Name and Principal Position (a)	Year (b)	Salary ($) (c)	Bonus ($) (d)	Stock Awards ($) (e) **(6)**	Option Awards ($) (f) **(6)**	Non-Equity Incentive Plan Compensation ($) (g)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (h)	All Other Compensation ($) (i) **(7)**	Total ($) (j)
OFFICERS:									
Norman J. Pattiz, Chairman of the	2007	$ 400,000		$ 112,964	$ 286,903		N/A		$ 799,867
Board	2006	$ 400,000		$ 196,409	$ 294,384		N/A		$ 890,973
Peter Kosann,	2007	$ 625,000	$ 150,000	$ 268,601	$ 681,121		N/A	$ 12,000	$ 1,736,721
President and CEO **(1) (replaced by Mr. Beusse in 2008)**	2006	$ 600,000	$ 150,000	$ 173,034	$ 675,955		N/A	$ 12,000	$ 1,610,989
Gary J. Yusko, CFO **(2) as of 7/16/07**	2007	$ 207,692	$ 222,917	$ 65,453	$ 31,522		N/A		$ 527,584
Andrew Zaref,	2007	$ 270,833	$ 0	$ 32,824	$ 26,654		N/A		$ 330,312
EVP and CFO **(3) (Through 7/12/07)**	2006	$ 475,000	$ 120,000	$ 108,126	$ 370,238		N/A		$ 1,073,364
David Hillman, CAO,	2007	$ 373,846	$ 208,333	$ 112,156	$ 195,828		N/A		$ 890,164
EVP Business Affairs and GC **(4)**	2006	$ 319,231	$ 133,333	$ 57,110	$ 185,639		N/A		$ 695,313
Paul Gregrey,	2007	$ 370,050	$ 70,769	$ 117,547	$ 260,853		N/A		$ 819,219
EVP - Sales, Network Division **(5)**	2006	$ 344,237	$ 48,269	$ 50,097	$ 266,190		N/A		$ 708,793

(1) Peter Kosann was employed

by CBS Radio pursuant to the terms of the Management Agreement.

(2) Gary J. Yusko became Chief Financial Officer of the Company on July 16, 2007. He received a $100,000 signing bonus at the time he entered into his employment agreement, of which $22,917 was earned in 2007. Such amount is earned over the first two years of his employment ($4,166.67 per month) and any unearned portion must be repaid if Mr. Yusko breaches his employment agreement.

(3) 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, 2007. In April 2007, Mr.

Zaref received a discretionary bonus of $120,000 for services rendered in 2006. Until his separation from the Company on July 12, 2007, CBS Radio reimbursed the Company for Mr. Zaref s salary and bonus. Pursuant to the terms of his employment agreement, the Company is continuing to pay Mr. Zaref s $500,000 annual salary through the end of the term, June 30, 2009. Pursuant to the terms of the Master Agreement with CBS Radio, the Company is responsible for up to one-half (such portion not to exceed $1,000,000) of the severance payments to Messrs. Zaref and Kosann.

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(4) David Hillman earned base salary at an annual rate of $300,000 from January 1, 2006 through March 31, 2006; $325,000 from April 1, 2006 through December 31, 2006; $350,000 from January 1, 2007 through July 15, 2007); and $400,000 from July 16, 2007 through December 31, 2007. In April 2007 and February 2008, Mr. Hillman received a discretionary bonus of $100,000 and $175,000 for services rendered in 2006 and 2007, respectively. He also received a $100,000 retention bonus at the time he entered into the first amendment to his employment agreement effective January 1, 2006, of which $33,333.36 was earned in each of 2006 and

2007. Such amount is earned over the stated three-year term of his initial employment agreement amendment ($2,777.78 per month) and any unearned portion must be repaid if Mr. Hillman leaves the Company prior to the expiration thereof (December 31, 2008). Mr. Hillman s employment agreement has since been extended to December 31, 2009 which does not impact the retention bonus.

(5) In April 2007 and February 2008, Mr. Gregrey received a discretionary bonus of $17,500 and $40,000 for services rendered in 2006 and 2007, respectively. Mr. Gregrey received a $100,000 retention bonus at the time he entered into his

employment agreement, of which $30,769.20 was earned in each of 2006 and 2007. 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.

(6) 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 and 2007 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 stock 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 2007 which appears below.

(7) 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 and 2007 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, the matches are made in cash. None of the perquisites for the Company s named executive officers exceeded in the aggregate $10,000, except in the case of Mr. Kosann, who received 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.

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GRANTS OF PLAN-BASED AWARDS IN 2007 (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, 2007.

			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	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards
Name	Grant Date	Approval Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	(#)	(#)	($/Sh)	($)
				(d)								
(a)	(b)	(b) **(7)**	(c)	**(8)**	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l) **(9)**
Pattiz **(2)**	12/3/07	11/28/05								25,000	$ 1.87	$ 21,000
	12/3/07	11/28/05							8,333*			$ 15,583
Kosann **(3)**	3/13/07									125,000	$ 6.17	$ 315,625
	3/13/07								41,667			$ 257,085
Yusko **(4)**	7/16/07	7/10/07								75,000	$ 5.92	$ 206,700
	7/16/07	7/10/07							50,000			$ 296,000
	7/16/07	7/10/07							15,000+			$ 88,800
Zaref **(5)**	3/13/07									75,000	$ 6.17	$ 189,375
	3/13/07								25,000			$ 154,250
Hillman **(6)**	3/13/07									40,000	$ 6.17	$ 101,000
	3/13/07								20,000			$ 123,400
	7/10/07								15,000+			$ 102,000
Gregrey **(6)**	3/13/07								39,000			$ 240,630

(1) All awards disclosed in the table above vest over three years

(including all awards made to Mr. Pattiz) commencing on the first anniversary of the grant date, with the exception of the restricted stock awards (15,000 shares) made to each of Messrs. Yusko and Hillman in July 2007 denoted by a + in the table above which vest over two years. Awards with an exercise price noted in column (k) are stock options; the award denoted with an asterisk (*) to Mr. Pattiz is a RSU award and all other awards are shares of restricted stock.

(2) Pursuant to Amendment No. 2 to his employment agreement, effective November 28, 2005, on each December 1 (or subsequent business day if such was not a business day) of his term of employment (from December 1,

2005 through December 3, 2007, since the provision was removed by Amendment No. 3), Mr. Pattiz received an option to purchase 25,000 shares of Common Stock of the Company and 8,333 RSUs (to 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.

(3) As described elsewhere in this report, Mr. Kosann s employment with the Company terminated on January 3, 2008. Pursuant to an arrangement between Mr. Kosann, CBS Radio and the Company, which was described in a Form 8-K filed with the SEC on July 10, 2007, certain of Mr. Kosann s unvested equity compensation

vested on March 31, 2008.

(4) On July 16, 2007, Mr. Yusko received 65,000 shares of restricted stock (in two separate awards, one for 15,000 shares and the other for 50,000 shares) and an option to purchase 75,000 shares of Common Stock of the Company in connection with his appointment as CFO on such date. Mr. Yusko s election was approved by the Board on July 10, 2007.

(5) As described elsewhere in this report, Mr. Zaref s employment with the Company terminated on July 12, 2007. Any unvested equity compensation awarded to Mr. Zaref was forfeited as of the date of his termination.

(6) March 13, 2007 is the date equity

compensation was awarded by the Company to its key employees. On July 10, 2007, Mr. Hillman received 15,000 shares of restricted stock in connection with his appointment as CAO on such date.

(7) With respect to all awards of equity compensation that was approved on a date other than the grant date, the award was approved in advance of the grant date and the grant date of the award was specified in advance at the time of such approval.

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(8) 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.

(9) The value of the awards disclosed in column (l) represents the total value ascribed to all stock and option awards granted in 2007. 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

stock 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 2007 as reported in the table entitled Grants of Plan-Based Awards in 2007 which appears above.

Vesting

The following terms do not apply to Mr. Pattiz s equity compensation. For a description of the terms applicable to his awards, see the summary of Mr. Pattiz s employment agreement under the heading Employment Agreements which appears below.

All awards of stock options, restricted stock and RSUs listed in the table Grants of Plan-Based Awards in 2007 were granted under the 2005 Plan and vest in equal installments over a three-year period, commencing on the first anniversary of the date of grant (with the exception of the awards of 15,000 shares of restricted stock made to each of Messrs. Yusko and Hillman in July 2007 which vest over two years). Upon a participant s termination, 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). Under the terms of the 2005 Plan, a participant forfeits any unvested stock options on the date of his termination, however, different terms were negotiated in the employment agreements for Messrs. Pattiz, Beusse and Yusko, which terms are described in more detail below.

When terms such as participant, termination, retirement, cause and change in control are used for purposes of referring to equity compensation, such have the meaning set forth in the 2005 Plan. A participant means a recipient of awards under an equity compensation plan (for purposes of this report, the employee).

Change of Control Provisions

With respect to all equity compensation awards made under the 2005 Plan (or those issued in March 2008 under the 1999 Plan incorporating 2005 Plan terms relating to a change in control), if an employee is terminated without cause during the 24-month period following a change in control, all unvested stock options, restricted stock and RSUs (as described above) shall immediately vest provided an employee is still a participant on that date.

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 were deferred until such individual s termination. Since the 2005 awards, no grants of equity compensation have been deferred.

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OUTSTANDING EQUITY AWARDS AT 2007 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, 2007.

		Option Awards **(1)**					Stock Awards **(2)**			
Name (a)	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Un-exercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)	Option Exercise Price ($) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested ($) (h) **(3)**	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (i)	Equity Incentive Plan Awards: Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (j)
Pattiz **(4)**	4/29/98	308,000			$ 14.07	04/29/08		$		$
	3/10/99	4,000			12.69	03/10/09				
	12/1/03	50,000			30.99	12/01/13				
	12/1/04	50,000			23.16	12/01/14				
	12/1/05	16,667*	8,333		18.27	12/01/15				
	12/7/05	8,333*	4,167		18.27	12/07/15				
	12/1/06	8,333	16,667		6.57	12/01/16				
	12/1/07		25,000		1.87	12/03/17				
							8,679	17,271		
							4,340	8,637		
							5,587	11,119		
							8,333	16,583		
Kosann	4/30/99	20,000			$ 22.57	09/30/09		$		$
	3/8/00	50,000			32.25	03/08/10				
	9/28/00	15,000			20.25	09/28/10				
	9/20/01	24,000			21.46	09/20/11				
	9/25/02	50,000			35.19	09/25/12				
	9/30/03	60,000	15,000		30.19	09/30/13				
	10/5/04	45,000	30,000		20.50	10/05/14				
	3/14/05	20,000	30,000		20.97	03/14/15				
	1/3/06	31,250	93,750		16.42	01/03/16				

	3/13/07		125,000	6.17	03/13/17			
						35,525	64,725	
						41,788	83,158	
Yusko	7/16/07		75,000	$ 5.92	07/16/17		$	$
						15,000	29,850	
						50,000	99,500	
Zaref				$			$	$
Hillman	9/28/00	600		$ 20.25	09/28/10		$	$
	9/20/01	9,000		21.46	09/20/11			
	9/25/02	12,000		35.19	09/25/12			
	9/30/03	9,600	2,400	30.19	09/30/13			
	10/5/04	18,000	12,000	20.50	10/05/14			
	3/14/05	10,000	15,000	20.97	03/14/15			
	2/10/06	8,425	25,275	14.27	02/10/16			
	3/13/07		40,000	6.17	03/13/17			
						13,319	26,505	
						20,063	39,925	
						15,000	29,850	

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		Option Awards **(1)**					Stock Awards **(2)**			
Name (a)	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Un-exercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)	Option Exercise Price ($) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested ($) (h) **(3)**	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (i)	Equity Incentive Plan Awards: Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (j)
Gregrey	9/30/99	12,000			$ 22.57	09/30/09		$		$
	3/8/00	30,000			32.25	03/08/10				
	2/21/01	20,000			22.06	02/21/11				
	9/20/01	10,000			21.46	09/20/11				
	9/25/02	35,000			35.19	09/25/12				
	9/30/03	32,000	8,000		30.19	09/30/13				
	10/5/04	30,000	20,000		20.50	10/05/14				
	5/19/05	6,000	6,000		19.93	05/19/15				
	2/10/06	5,000	15,000		14.27	02/10/16				
							11,684	23,251		
							26,147	52,033		

(1) The stock options listed in the table above vest as follows:

All stock options listed in the above table granted prior to January 1, 2005 (i.e., with an expiration date on or before December 31, 2014) 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 the third and fourth stock option entries for Mr. Pattiz (expiring on December 1, 2013 and December 1, 2014, respectively), which stock options were modified by a letter agreement dated as of May 25, 2005 and vest over three years in equal installments.

All stock options listed in the table above with an expiration date on or after May 19, 2015 were granted pursuant to the terms of the 2005 Plan and vest in equal installments over four years (except for Mr. Pattiz s stock options which have a three-year vesting term) commencing on the first anniversary of the date of grant.

All stock options listed in the table above with an expiration date on or after March 13, 2017 were granted pursuant to the terms of the 2005 Plan (except in the case of the stock options awarded in March 2008 which were granted pursuant to the terms of the 1999 Plan as described elsewhere in this report) and vest in equal installments over three years commencing on the first anniversary of the date of grant.

(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 commencing on the first anniversary of the date of grant, except for: (x) stock awards issued in 2007 and later, all of which have a three-year vesting term and (y) Mr. Yusko s and Mr. Hillman s awards of 15,000 shares of restricted stock awarded in July 2007 which have a two-year vesting term. 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), with subsequent vesting dates tied to the

anniversary of the vesting 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 $1.99 on December 31, 2007 (the last business day of 2007).

(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). Included in the above table is an award of 4,167 RSUs and options to purchase 12,500 shares of Common Stock of the Company 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.

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OPTIONS EXERCISED AND STOCK VESTED

During the year ended December 31, 2007, none of our named executive officers exercised any stock options. Shares of restricted stock and RSUs previously awarded to them were acquired as follows:

	Options Awards		Stock Awards	
Name (a)	Number of Shares (#) (b)	Value Realized on Exercise **(1)** ($) (c)	Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting **(1)** ($) (e)
Pattiz			2,794 **(1)**	$ 5,225 **(1)**
Kosann			10,818	$ 78,322
Zaref			12,845	$ 90,733
Hillman			4,440	$ 30,725
Gregrey			3,894	$ 26,946

(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 2007 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 2007) 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, 4,340 shares of restricted stock would have vested in December 2007 and the value of such shares as of December 31, 2007 would have been $8,637 based on a per share closing stock price on the NYSE for the Company s Common Stock of $1.99 on December 31, 2007 (the last business day of 2007).

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 (1)

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.

Name (a)	Executive Contributions in 2007 ($) (b)	Registrant Contributions in 2007 ($) (c)	Aggregate Earnings in 2007 ($) (d)	Aggregate Withdrawals/ Distributions ($) (e)	Aggregate Balance at 12/31/07 ($) (f)
Pattiz			$ (4,641)		$ 25,908
Kosann					
Zaref					
Hillman					

Gregrey

(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 a RSU award was given to participants. Since 2005, no RSU awards have been deferred by any recipient.

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Employment Agreements

General

The Company has written employment agreements with each of the named executive officers, the material terms of which are set forth below. These summaries do not purport to be exhaustive and you should refer to the actual agreements for a more detailed description of the terms. As indicated below, all of the employment agreements contain non-competition and non-solicitation provisions which extend after the termination of such agreements for the period indicated below, with the exception of Mr. Pattiz s agreement which contains no such restrictions except during the Continued Engagement Period (as defined 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 2007 Fiscal Year-End which appears above. As described above, Mr. Zaref s employment with the Company ceased on July 12, 2007 and accordingly he is listed in the subsection denoted Former NEOs , along with Mr. Kosann, who ceased to be the Company s CEO on January 8, 2008. As described above, Mr. Beusse became the Company s CEO on January 8, 2008. Although Mr. Beusse is not a NEO for 2007, he is a NEO for 2008 and accordingly, a summary of his employment agreement is listed below.

Defined Terms: Cause, Good Reason, Change in Control

When terms such as cause, good reason or cause event (for Mr. Beusse only), or change in control (also, an event of change and partial event of change for Mr. Pattiz) are used, for a complete description of such terms, please refer to such NEO s employment agreement. Generally speaking, with limited exceptions (as with Mr. Pattiz below), NEOs are terminable for cause (referred to as a cause event in the case of Mr. Beusse) if they have: (1) failed, refused or habitually has neglected to perform their duties, breached a statutory or common law duty or otherwise materially breached their employment agreement or committed a material violation of the Company s internal policies or procedures; (2) been convicted of a felony or a crime involving moral turpitude or engaged in conduct injurious to the Company s reputation; (3) become unable by reason of physical disability or other incapacity to perform their duties for 90 continuous days; (4) breached a non-solicitation, non-compete or confidentiality provision; (5) committed an act of fraud, material misrepresentation, dishonesty related to his employment, or stolen or embezzled assets of the Company; or (6) engaged in a conflict of interest or self-dealing. Only Mr. Beusse s employment agreement has a good reason termination, which is described below. When reference is made to a change in control, the 2005 Plan meaning is used, except in the case of Messrs. Pattiz and Beusse as indicated under the heading Payments upon Change in Control which appears below.

Mr. Pattiz, Chairman

Term expires June 15, 2009; 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) through November 30, 2015;

Annual salary of $400,000;

Annual grant of an option to purchase 25,000 shares of Common Stock of the Company and 8,333 RSUs on December 1, 2005, December 1, 2006 and December 3, 2007 (such grant right expired on December 3, 2007);

In connection with the execution of Amendment 3 to his employment agreement and Mr. Pattiz s agreement to continue to provide services in connection with the Company s hiring of a new CEO, Mr. Pattiz received an option to purchase 250,000 shares of Common Stock of the Company that generally will vest in equal one-third increments on January 8, 2009, 2010 and 2011, except in the case of certain termination events as described below (the 2008 Stock Option);

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, or for cause upon 90 days notice;

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For purposes of Mr. Pattiz s employment agreement, cause is defined as willful commission of a material act (which first occurs during the term of the agreement) of fraud or gross misconduct having a material adverse effect upon the Company s business or competition by Mr. Pattiz in violation of his non-compete or fair competition provision which is not cured within a 90-day period .

If Mr. Pattiz is terminated without cause or if Mr. Pattiz terminates his employment due to an adverse change in his title as Chairman, in each case, prior to January 8, 2009, one-third (1/3) of the 2008 Stock Option (i.e., 83,333 shares underlying the stock option) will vest immediately as of the date of such termination and will be exercisable until ninety days following the earlier of Mr. Pattiz s voluntary termination of service and November 30, 2015. Upon a change in control, the 2008 Stock Option will become fully vested.

The Company will continue to engage Mr. Pattiz as a part-time employee and/or consultant (at the Company s option) through November 30, 2015, or such earlier time as Mr. Pattiz voluntarily terminates his services with the Company (such period, the Continued Engagement Period). Mr. Pattiz s stock options will continue to vest during the 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.

Non-compete: the non-competition and unfair competition provisions of Mr. Pattiz s employment agreement will cease to apply to Mr. Pattiz upon the earlier of: (x) June 15, 2009 and (y) the effective date of Mr. Pattiz s termination prior to the expiration of the Term (the Non-Compete End Date). During the Continued Engagement Period, Mr. Pattiz s non-solicitation obligations will be limited to prohibit Mr. Pattiz from soliciting, employing, hiring or engaging employees, consultants and voice talent who are providing services to the Company or its related entities on the Non-Compete End Date.

Mr. Beusse, Chief Executive Officer and President (effective January 8, 2008)

Term expires on January 8, 2011;

Annual salary of $700,000;

Discretionary annual bonus of up to 100% of his annual salary ($700,000) for each of 2008, 2009 and 2010, as determined by the Compensation Committee, provided that Mr. Beusse will receive a minimum annual bonus of not less than $300,000 for 2008;

On January 8, 2008, Beusse received options to purchase an aggregate of 1,000,000 shares of Common Stock of the Company in two grants: 500,000 options were granted under the 2005 Plan, the other 500,000 options were issued outside the 2005 Plan as a material inducement grant pursuant to NYSE rules;

In each of calendar years 2009 and 2010, Beusse shall receive an option to purchase up to 625,000 shares of Common Stock of the Company based on the achievement of performance goals for the prior calendar year;

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

Agreement terminates automatically in the event of death; terminable by the Company immediately upon notice of a cause event or upon ten days prior written notice in the event of disability; Terminable by Mr. Beusse upon prior written notice (given within 90 days after the event giving rise to the good reason if

Company fails to cure within 30 days) to the Company for good reason.

For purposes of Mr. Beusse s employment agreement, Good Reason is: (1) a material diminution in his authority, duties or responsibilities or diminution in title, including loss of his directorship; (2) a material diminution in his base salary; (3) any relocation of his principal place of employment beyond 50 miles of its current location; or (4) any material breach of the Company s obligations under his employment agreement.

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If terminated by the Company for any reason other than a cause event, or by Mr. Beusse for good reason prior to a change in control, Mr. Beusse will receive, in addition to Accrued Amounts (see next bullet point), continued payment of an amount equal to two times the sum of: (x) his base salary plus (y) $250,000 (*i.e.,* $1,900,000, in the aggregate), payable in equal periodic installments for two years following his termination; and his minimum 2008 bonus ($300,000) to the extent not already paid as of the date of termination.

If terminated for a cause event (with the exception of clause (ii) which shall not apply in such instance), death or disability, or if Mr. Beusse terminates without good reason, Mr. Beusse is entitled solely to the following: (i) his base salary prorated to the date of termination; (ii) any annual bonus earned but not yet paid for any completed full calendar year immediately preceding the date of termination; (iii) reimbursement for any unreimbursed expenses properly incurred through date of termination; and (iv) any present entitlement under employee benefit plans and programs (collectively, Accrued Amounts).

Non-compete: If Mr. Beusse is terminated, for the Restricted Period, Mr. Beusse may not engage in any Restricted Activity. For Mr. Beusse, the Restricted Period is a period equal to: (i) the two year period for which he receives severance if he is terminated for a reason other than for a cause event or good reason (*i.e.,* for cause, by Employee without good reason, by death or disability) or (ii) one year from the date of termination if Employee is terminated for a reason other than for a cause event or by Employee for good reason.

Generally speaking, in the case of Messrs. Beusse, Yusko, Hillman and Gregrey, a Restricted Activity consists 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 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. Yusko, CFO and Principal Accounting Officer (effective as of July 16, 2007)

Term expires July 16, 2010; If Company fails to provide written notice on or prior to January 15, 2010 of its intention to terminate this Agreement effective July 16, 2010, Employee may elect by written notice to the Company delivered no later than January 31, 2010 to extend the Term through and including July 16, 2011;

Annual salary of $450,000, $475,000 and $500,000, respectively for each year of the Term (measured from July 16 to July 15 of each year);

Discretionary annual bonus valued at up to (i) $315,000 (2007), (ii) $332,500 (2008) and (iii) $350,000 (beginning in 2009), as determined by the Compensation Committee; provided that Mr. Yusko will receive a minimum discretionary bonus valued at not less than $100,000 for 2007;

If the Term is extended through July 16, 2011, the annual salary and discretionary bonus shall not be less than the annual salary and discretionary bonus as of July 15, 2010;

Mr. Yusko received $100,000 and 15,000 shares of restricted stock (2 year vesting) as a signing bonus;

On July 16, 2007, Mr. Yusko received 50,000 shares of restricted stock and an option to purchase 75,000 shares of Common Stock of the Company;

Terminable by the Company for cause at any time upon written notice; Terminable automatically upon Mr. Yusko s death or loss of legal capacity; terminable by Mr. Yusko if a change of control occurs and

Mr. Yusko is no longer the Company s CFO or a material portion of his executive duties are withdrawn or significantly diminished.

In the event of termination without cause, Mr. Yusko will receive his base salary for the remainder of the Term and any unvested portion of the equity compensation awarded to Mr. Yusko in July 2007 (i.e., 65,000 shares of restricted stock and 75,000 stock options) would vest immediately upon the effective date of termination.

If Mr. Yusko is terminated for cause or upon death or loss of legal capacity, Mr. Yusko shall be entitled to his base salary through the date of termination and any entitlement under Company benefit plans and programs.

Non-compete: If Mr. Yusko is terminated, regardless of cause, the Company may elect, in consideration for $200,000 payable in accordance with the Company s normal payroll practices, that Mr. Yusko not engage in any Restricted Activity, directly or indirectly, for a period of six (6) months from and after the Term.

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Mr. Hillman, Chief Administrative Officer; EVP, Business Affairs and General Counsel

Term expires December 31, 2009;

Annual salary of $350,000 (through July 15, 2007); $400,000 (effective July 16, 2007); $425,000 (2008) and $450,000 (2009);

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 $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 (none specified for 2009);

Management to recommend to the Compensation Committee an equity compensation grant equal to an option to purchase 85,000 shares of Common Stock of the Company (2006) and an option to purchase 75,000 shares of Common Stock of the Company (2007);

In connection with his promotion to CAO and execution of the second amendment to his employment agreement, Mr. Hillman received 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;

Terminable by the Company for cause at any time upon written notice; Terminable automatically upon Mr. Hillman s death or loss of legal capacity;

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.

If Mr. Hillman is terminated for cause or upon death or loss of legal capacity, Mr. Hillman shall be entitled to his base salary through the date of termination and any entitlement under Company benefit plans and programs.

Non-compete: If Mr. Hillman is terminated, he may not engage in any Restricted Activity, directly or indirectly, for a period of one year from and after the Term.

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 an option to purchase 20,000 shares of Common Stock of the Company 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;

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

Terminable by the Company for cause at any time upon written notice; Terminable automatically upon Mr. Gregrey s death or loss of legal capacity;

If Mr. Gregrey is terminated for cause or upon death or loss of legal capacity, Mr. Gregrey shall be entitled to his base salary through the date of termination and any entitlement under Company benefit plans and programs.

Non-compete: If Mr. Gregrey is terminated, he may not engage in any Restricted Activity, directly or indirectly, for a period of six months from and after the Term.

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Former NEOs (NEOs during 2007, but no longer with the Company)

Mr. Kosann, Chief Executive Officer and President (through January 8, 2008)

Because Mr. Kosann s employment agreement was with CBS Radio, a summary of his employment agreement is not included in this report.

Mr. Zaref, EVP and CFO (through 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 equally any severance payments made to Mr. Zaref, subject to the conditions described in the Master Agreement between the parties dated as of October 2, 2007. The following summary sets forth the terms of Mr. Zaref s employment agreement, as such existed at the time of his termination.

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 the CEO s award of equity compensation;

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 reimbursed the Company for Mr. Zaref s salary and bonus during his employment with the Company under the Management Agreement.

Potential Payments upon Termination or Change in Control

The Company has employment agreements with Messrs. Pattiz and Zaref that require it to make payments upon a change in control as described below. Since Mr. Zaref s employment has terminated, such provision is no longer applicable. In addition, while Mr. Kosann was employed by CBS Radio, the Company awarded Mr. Kosann discretionary equity compensation during his tenure as President and CEO. 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 during Mr. Kosann s tenure as President and CEO, the Company was 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 or change in control on December 31, 2007. Accordingly, because Mr. Kosann was still President and CEO of the Company at such time, the description below includes provisions for Mr. Kosann. Although Amendment No. 3 to Mr. Pattiz s employment agreement was not effective on December 31, 2007, we have assumed it was for purposes of disclosing the payments to Mr. Pattiz which would be due upon the events described below in order to describe the various scenarios most accurately. However, since Mr. Beusse was not a NEO on December 31, 2007 (not hired until January 8, 2008) he is not included in table or narratives that follow regarding termination payments that would have been due had he been terminated on December 31, 2007. We have included a table setting forth the amounts of various payments for convenience. The table should be reviewed with the narrative that follows for a more complete description of such amounts.

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Potential Payments upon Termination or Change in Control Pursuant to Employment Agreements (1)

Name	Termination Scenario	Amount Payable	Equity Compensation (5)
Pattiz	Death/Disability (2)	$537,500	
	For Cause	Accrued salary/benefits	
	Without Cause	$583,333	
	Change in Control (3)(6)	$583,333	$3,000 - Event of Change; $1,500 - Partial Event of Change; $146,610 - Change in Control (January 08 award vests; outstanding equity vests upon termination)(6)
Yusko	For Cause; Not Good Reason; Death/Disability	Accrued salary/benefits	
	Without Cause	$989,583	$129,350 (July 07 award vests)
	Change in Control (4)(6)	$989,583	$129,350 (July 07 award vests)
Hillman	For Cause; Not Good Reason; Death/Disability	Accrued salary/benefits	
	Without Cause	$875,000	
	Change in Control (6)	n/a	$96,280
Gregrey	For Cause; Not Good Reason; Death/Disability	Accrued salary/benefits	
	Without Cause	$500,062	
	Change in Control (6)	n/a	$75,284

(1) As Mr. Beusse was not a NEO on December 31, 2007, he is not included in the table above.

(2) Only Mr. Pattiz (or his estate) receives a severance payment in excess of accrued salary/benefits in the event of death or disability.

(3) Mr. Pattiz s agreement also refers to an event of change and partial event of change in which case certain additional provisions apply. The definition of change in control used in Mr. Pattiz s agreement is listed below. The foregoing table lists amounts that would be payable on December 31, 2007. For purposes hereof, we have assumed the options granted to Mr. Pattiz on 1/8/08 were granted on 12/31/07 and that he is terminated within 24 months of a change in control.

(4) Requires that in connection therewith, Mr. Yusko is no longer the Company s CFO or a material portion of his executive duties are withdrawn or significantly diminished.

(5) The values ascribed to equity compensation awards and listed in the table above as well as in the paragraphs below relating to payments to NEOs upon different termination events are values from the executive s perspective, that is to say, stock options only have value if the Company s stock price increases after the date the stock options are granted, and such value is measured by the increase in the stock price. This is different from the values listed in the compensation tables above (i.e., Summary Compensation Table, Grants of Plan-Based Awards in 2007, Outstanding Equity Awards at 2007 Fiscal Year-End, Options Exercised and Stock Vested) which represent amounts expensed by the

Company in accordance with 123R as discussed in the footnotes to such tables.

(6) As described elsewhere in this report, pursuant to the terms of the 2005 Plan, the equity compensation of any employee (including NEOs) terminated within 24 months of a change in control will vest immediately upon his/her termination. Except in the case of Mr. Pattiz, all amounts set forth above are payable only upon a change in control if the NEO is terminated within 24 months of such event. In the case of Mr. Pattiz, his 2008 stock option vests upon a change in control (value = $90,000).

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Payments upon Change in Control

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 through the end of the term of his employment agreement. In such event, if the event of change did not also constitute a change in control (as such term is defined in Mr. Pattiz s employment agreement and described below), Mr. Pattiz would be entitled to exercise, immediately upon his election, all of his outstanding options granted in April 1998, which have a value of $3,000 on December 31, 2007 (based on a per share closing stock price on the NYSE for the Company s Common Stock of $1.99 on December 31, 2007). If Mr. Pattiz had been terminated in connection with an event of change on December 31, 2007, Mr. Pattiz would be entitled to his base salary through June 15, 2009 which in the aggregate equals $583,333 payable in accordance with the Company s normal payroll practices. In the case of an event of change which does not also constitute a change in control, no other equity compensation would be subject to accelerated vesting.

Partial Event of Change Mr. Pattiz

If, instead of an event of change, a partial event of change (which occurs if there is a reduction in the per share voting power of the Class B stock held by Mr. Pattiz, which reduction is not caused by Mr. Pattiz, or agreed to by him as a member of the Board) had occurred, Mr. Pattiz would be entitled, in lieu of the foregoing, to exercise, immediately upon his election one-half of his outstanding stock options granted in April 1998, which would have a value $1,500 on December 31, 2007.

Change in Control Mr. Pattiz

Under Mr. Pattiz s employment agreement, upon a change in control, all of his stock options awarded in 2008 vest, which options would have a value of $90,000 on December 31, 2007 (assuming such has been granted on such date, not 1/8/08, and based on a per share closing stock price on the NYSE for the Company s Common Stock of $1.99 on December 31, 2007). If additionally, Mr. Pattiz were terminated within 24 months of such event, all of his unvested equity compensation would vest, which equity compensation would have a value of $146,610, of which $53,610 would be the value of Mr. Pattiz s outstanding, unvested RSUs and restricted stock and $93,000 (inclusive of the $90,000 for the 2008 stock award) of which would be the value of Mr. Pattiz s outstanding, unvested options.

Under Mr. Pattiz s employment agreement, for purposes of his employment agreement and certain benefits to which he would be entitled to under Section 12 of the 2005 Plan, a change in control occurs upon: the acquisition by any person of 50% or more of the outstanding Common Stock of the Company or any person that controls, is controlled by or is under common control within the Company or other than a Non-Qualifying Business Combination (as defined in his employment agreement). Mr. Beusse s employment agreement has the same definition.

Change in Control Mr. Yusko

If, in connection with a change in control (as defined in the 2005 Plan), 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 no later than 30 days after the occurrence of this event. In this event (assuming such occurred on December 31, 2007), Mr. Yusko would receive $989,583 (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 equity compensation awarded to Mr. Yusko in July 2007 (i.e., 65,000 shares of restricted stock and 75,000 stock options) would vest immediately upon the effective date of termination.

Change in Control All NEOs

If a change in control occurred and any of Messrs. Pattiz, Yusko, Hillman and Gregrey (or Messrs. Kosann and Zaref when employed by the Company) was terminated in connection therewith within a twenty-four month period, each individual s outstanding unvested options, restricted stock and RSUs granted under the 2005 Plan (or the 1999 Plan if such grants were made in or after March 2008 in accordance with certain terms of the 2005 Plan) would immediately vest. Assuming such change in control and termination occurred on December 31, 2007 (the last business day of the year), the value of the equity compensation payable to each of Messrs. Kosann (who was employed on 12/31/07), Pattiz, Yusko, Hillman and Gregrey would be: $153,853, $146,610 (assuming the options granted to Mr. Pattiz on 1/8/08 were granted on 12/31/07), $129,350, $96,280 and $75,284, respectively. All such values are based on a per share closing stock price on the NYSE for the Company s Common Stock of $1.99 on December 31, 2007. Of the foregoing values for Messrs. Kosann, Yusko, Hillman and Gregrey, none is ascribed to the stock options held by such individuals as all of the options held by such NEOs are underwater (i.e., the exercise price of such stock options exceed the current Common Stock price). Of the NEOs, values for stock options for Mr. Pattiz are $90,000 as he received stock options on January 8, 2008 at an exercise price of $1.63 per share, which are presently in-the-money (i.e., the exercise price of such options is less than the current per share price of the Company s Common Stock).

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 death or disability, NEOs would be entitled to the following payments:

Mr. Pattiz: In the event of permanent and total disability (including death), Mr. Pattiz (or his estate) 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. Assuming Mr. Pattiz had become disabled on December 31, 2007, Mr. Pattiz would be entitled to: (i) 100% of his 2008 base salary, or $400,000, and (ii) 75% of his 2009 base salary through the end of the term (June 15, 2009), or $137,500, for an aggregate payment of $537,500 payable in accordance with the Company s normal payroll practices.

Messrs. Yusko, Hillman and Gregrey. In the event of their death or disability, each of Messrs. Yusko, Hillman and Gregrey (or their estates in the case of death) 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.

Former NEOs

When employed at the Company, in the event of his death, Mr. Kosann was entitled to any base salary due and not yet paid through the date of Mr. Kosann s death.

When employed by the Company, in the event of his death or loss of legal capacity, Mr. Zaref (or his estate) was entitled to such payments as if he were terminated without cause (*i.e.*, his base salary and bonus for the remainder of the term).

Payments upon Termination Without Cause

If any NEO were terminated without cause on December 31, 2007, 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 June 15, 2009 in the aggregate amount of $583,333 payable in accordance with the Company s normal payroll practices;

Mr. Yusko: $989,583 (his base salary through July 15, 2010, the end of the stated Term) payable in accordance with the Company s normal payroll practices and any unvested portion of the equity compensation awarded to Mr. Yusko in July 2007 (i.e., 65,000 shares of restricted stock and 75,000 stock options) would vest immediately upon the effective date of termination. Assuming a termination without cause occurred on December 31, 2007 (the last business day of the year), the value of the equity compensation payable to Mr. Yusko would be $129,350 (based on a per share closing stock price on the NYSE for the Company s Common Stock of $1.99 on December 31, 2007).

Mr. Hillman: $875,000 (base salary through December 31, 2009, the end of the Term) payable in accordance with the Company s normal payroll practices;

Mr. Gregrey: $500,062 (base salary through April 1, 2009, the end of the Term) payable in accordance with the Company s normal payroll practices; and

Mr. Kosann: $650,000 (base salary through December 31, 2008, the end of the Term) 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 (employment terminated on July 12, 2007)

As noted above, Mr. Zaref s employment with the Company was terminated on July 12, 2007. Accordingly, while we have included the terms which would have been applicable to Mr. Zaref in the case of certain termination scenarios, we have not calculated the payments which would have been due on December 31, 2007 in connection with these events as Mr. Zaref was not employed on December 31, 2007 by the Company.

When the Company employed Mr. Zaref, his employment agreement entitled him to three months of his salary, payable in accordance with the Company s then current payroll practices, if either: (i) the Company provided Mr. Zaref with notice of its election not to extend or renew his employment agreement and terminated his employment without cause within three months after the stated term or (ii) his employment was 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 was terminated, whichever is earlier. If: (A) the Company did not provide a non-renewal notice to Mr. Zaref, (B) Mr. Zaref remained employed through the end of the term (June 30, 2009) and (C) the Company terminated his employment without cause within three months after the stated term, Mr. Zaref was 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).

When the Company employed Mr. Zaref, his employment agreement entitled him upon a change in control, 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. Under Mr. Zaref s employment agreement, a change in control was 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.

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As discussed elsewhere in this report, CBS Radio and the Company have agreed to split equally any severance payments to Messrs. Zaref and Kosann, up to a cap of $1,000,000 for the Company s contribution, subject to the conditions described in the Master Agreement between the parties.

DIRECTOR COMPENSATION

The following table sets forth the compensation for the Company s directors who served during the year ended December 31, 2007. Directors who are listed under the heading former directors were directors for all or part of 2007, but have since resigned as directors of the Company. The cash compensation listed below reflects the significant activity in 2007 relating to the Company s new arrangement with CBS Radio, which resulted in the termination of the Company s Master Agreement and the hiring of a new CEO, and the strategic review process which intensified in the latter half of 2007.

Name (a)	Fees Earned or Paid in Cash ($) (b)	Stock Awards ($) (c) (6)	Option Awards ($) (d) (6)(7)	Non-Equity Incentive Plan Compensation ($) (e)	Change in Pension value and Nonqualified Deferred Compensation Earnings (f)	All Other Compensation ($) (g)	Total ($) (h)
Current directors:							
Beusse (1)							
Carnesale	$ 66,250	$ 101,503					$ 167,753
Dennis	$ 163,750	$ 50,313	$ 53,458				$ 267,521
Greenberg	$ 109,375	$ 101,960	$ 53,458				$ 264,793
Little	$ 153,750	$ 99,792					$ 253,542
Ming	$ 135,000	$ 66,563					$ 201,563
Pattiz (3)							
Smith	$ 74,375	$ 221,561 (8)	$ 53,458				$ 349,394
Former directors:(4)							
Berger (2)							
Lerman (2)							
Former directors and executive officers:(4)(5)							
Hollander (2)							
Kosann (3)							

(1) Mr. Beusse became a director on January 8, 2008 in connection with his appointment as President and

CEO.
Mr. Beusse will not receive compensation in addition to that specified in his employment agreement for acting as a director.

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(2) As reflected above, as employees of CBS Radio and/or its affiliates, Messrs. Berger and Hollander elected not to receive equity compensation for their services as directors in 2007. Additionally, Mr. Berger and Mr. Hollander 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 2007.

(3) As employees of the Company, Mr. Kosann did not, and Mr. Pattiz does not, receive compensation in addition to that specified in their employment agreements for acting as directors. Please refer to the summary compensation table above for a description of such individuals compensation as employees.

(4) Mr. Lerman resigned from the Board on January 30, 2007, Mr. Hollander on March 30, 2007, Mr. Kosann on January 8, 2008 and Mr. Berger on March 3, 2008.

(5) Each of Messrs. Hollander and Kosann served as executive officers and directors of the Company.

(6) 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). 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, instead of May 2007. No director elected to defer the receipt of his RSUs granted in July 2007.

(7) As depicted in the chart of the Company s stock

price in the Company s Form 10-K filed with the SEC, the Company s stock price has declined significantly in recent years. The value of the option awards reported in column (d) above includes stock options granted in earlier years at much higher stock prices, which is reflected in the expense accrual for such options made in 2007 in accordance with FAS 123R.

(8) The amount set forth for Mr. Smith is significantly greater than that of the other directors because Mr. Smith, age 80, is at an age at which he could retire from the Board.

General. The Compensation Committee reviews and evaluates compensation for the Company s non-employee directors (with the exception of Mr. Kosann who did 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 Board meeting held directly 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 2007-2008 board term, the Directors of the Company who serve as Chairs of the Audit Committee Compensation Committee, Nominating and Governance Committee and Strategic Review Committee shall receive $15,000, $10,000, $10,000 and $15,000, respectively, for their services as the Chairs of such committees during the 2007-2008 board term.

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Equity Compensation:
Annual Grant. 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. 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. The next grant of equity compensation to the directors will be on the date of the annual meeting for which this report is being circulated.
Dividends; Vesting. 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.

Waivers of Compensation

Mr. Kosann did not, and Mr. Pattiz does not, receive any additional remuneration for their services as directors of the Company. Messrs. Berger, Hollander, Lerman, as 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, 2007. There were no material transactions between the Company and any of the members of the Compensation Committee during the fiscal year ended December 31, 2007.

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 2007. 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.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Equity Compensation Plan Information

Information regarding securities available for issuance under the Company s equity compensation plans is set forth in Item 5 (Market for Registrant s Common Equity and Related Stockholder Matters) of this report under the heading Equity Compensation Plan Information .

Beneficial Ownership of 5% Holders

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 ownership holdings as of March 31, 2008, when there were 101,352,476 shares of Common stock outstanding and 291,722 shares of Class B stock outstanding.

	Aggregate Number of Shares Beneficially Owned (1)			
	Common Stock		Class B Stock	
Name and Address of Beneficial Owner (2)	Number	Percent	Number	Percent
CBS Radio Network Inc., a subsidiary of CBS Radio Inc. 1515 Broadway New York, NY 10036	16,000,000 (3)	15.8%		
Gores Radio Holdings, LLC 10877 Wilshire Boulevard 18th Floor Los Angeles, CA 90024	14,285,714 (4)	14.1%		
FMR LLC 82 Devonshire Street Boston, MA 02109	5,203,777 (5)	5.1%		
Hotchkis and Wiley Capital Management, LLC 725 S. Figueroa Street, 39th Floor Los Angeles, CA 90017	8,659,848 (6)	8.5%		
Morgan Stanley & Co. Incorporated 1585 Broadway New York, NY 10036	5,546,632 (7)	5.5%		
Barclays Global Investors, N.A. 45 Fremont Street San Francisco, CA 94105	5,337,771 (8)	5.3%		

(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 securities 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), which in turn is a wholly-owned subsidiary of CBS Broadcasting, Inc. which in turn is a wholly-owned subsidiary of Westinghouse CBS Holding Company, Inc., which in turn is a wholly-owned 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. As of

March 3, 2008, CBS Radio Network Inc. has shared voting power and shared dispositive power with respect to 16,000,000 shares. Warrants previously held by CBS Radio were cancelled effective March 3, 2008 in connection with the closing of the CBS transactions.

(4) Gores Radio Holdings, LLC (Gores Radio) is managed by The Gores Group, LLC. Gores Capital Partners II, L.P. and Gores Co-Invest Partnership II, L.P. (collectively, the Gores Funds) are members of Gores Radio. Each of the members of Gores Radio has the right to receive dividends from, or proceeds from, the sale of investments by Gores Radio, including the shares of Common Stock, in accordance with their membership interests in Gores Radio. Gores Capital Advisors II, LLC (Gores Advisors) is the general partner of the Gores Funds. Alec E. Gores is

the managing member of The Gores Group, LLC. Each of the members of Gores Advisors (including The Gores Group, LLC and its members) has the right to receive dividends from, or proceeds from, the sale of investments by the Gores Entities, including the shares of Common Stock, in accordance with their membership interests in Gores Advisors. Under applicable law, certain of these individuals and their respective spouses may be deemed to be beneficial owners having indirect ownership of the securities owned of record by Gores Radio by virtue of such status.

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(5) Of these shares, 5,053,774 are owned by Fidelity Management & Research Company (Fidelity), a wholly-owned subsidiary of FMR LLC, through one investment company, Fidelity Low Priced Stock Fund. As of December 31, 2007, each of Edward C. Johnson 3d and FMR LLC, 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. The remaining 150,003 of these shares are owned by Pyramis Global Advisors, LLC (PGALLC), an indirect wholly-owned subsidiary of FMR LLC. As of December 31, 2007, each of Edward C.

Johnson 3d and FMR LLC, through its control of PGALLC, has sole voting power with respect to 150,003 shares and sole dispositive power with respect to 150,003 shares.

(6) As of December 31, 2007, Hotchkis and Wiley Capital Management, LLC has sole voting power with respect to 5,216,048 shares and sole dispositive power with respect to 8,659,848 shares.

(7) As of December 31, 2007, Morgan Stanley & Co. Incorporated has sole voting power with respect to 5,546,632 shares and sole dispositive power with respect to 5,546,632 shares. Such securities are beneficially owned by certain

operating units of Morgan Stanley and its subsidiaries and affiliates.

(8) Of these shares, 4,338,348 are owned by Barclays Global Investors, N.A. As of December 31, 2007, Barclays Global Investors, N.A. has sole voting power with respect to 4,036,101 shares and sole dispositive power with respect to 4,338,348 shares. The remaining 999,423 of these shares are owned by Barclays Global Fund Advisors, LLC. As of December 31, 2007, Barclays Global Fund Advisors, LLC has sole voting power with respect to 999,423 shares and sole dispositive power with respect to 999,423 shares.

Beneficial Ownership of Named Executive Officers and Directors

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 ownership holdings as of March 31, 2008, when there were 101,352,476 shares of Common stock outstanding and 291,722 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 May 30, 2008, as beneficial ownership is deemed to include securities that a holder has the right to acquire within 60 days. As described elsewhere in this report, 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.

	Aggregate Number of Shares Beneficially Owned (1)			
	Common Stock		Class B Stock	
	Number	Percent	Number	Percent
Name of Beneficial Owner				
NAMED EXECUTIVE OFFICERS:				
Norman J. Pattiz (2)	1,098,127	*	291,710	99.9%
Thomas Beusse (10)		*		
Peter Kosann (3)	464,783	*		
Andrew Zaref (4)(10)	13,203	*		
Gary J. Yusko (10)(11)	65,000	*		
David Hillman (5)	143,237	*		
Paul Gregrey (6)	237,954	*		
DIRECTORS AND NOMINEES: (7)				
Albert Carnesale (8)	7,749	*		
David L. Dennis (9)	169,959	*		
Gerald Greenberg (9)	54,000	*		
Grant F. Little, III (8)	16,783	*		
H. Melvin Ming (8)	6,682	*		
Joseph B. Smith (9)	86,749	*		
All Current Directors and Executive Officers as a Group (13 persons)	2,364,226	2.3%	291,710	99.9%

* 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), the Company 1999 Stock Incentive Plan (the 1999 Plan) and the Company 2005

Equity Compensation Plan (the 2005 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. Also includes 200,000 shares of Company common stock held indirectly by the Pattiz Family Trust. 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 15.5% of the total voting power of the Company (taking into account the aggregate number of shares of Common Stock issued to Gores at the First Closing).

(3) Includes 419,000 vested and unexercised options granted under the 1999

Plan and 2005 Plan. Includes 24,889 vested RSUs and 20,894 shares of vested restricted stock (including dividend equivalents) granted under the 2005 Plan. Mr. Kosann forfeited his vested and unexercised options and certain of his unvested RSUs and shares of restricted stock in connection with the termination of his employment.

(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 339 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 94,383 vested and unexercised options granted under the 1999 Plan and 2005 Plan and 48,341 shares of restricted stock (vested and unvested, including dividend equivalents) granted under the 2005 Plan. Includes 513 shares of Common Stock held in the Company 401(k) account.

(6) Includes 186,200 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 921 shares of Common Stock held in the

Company 401(k) account.

(7) Does not include Norman J. Pattiz, Thomas Beusse 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 113,000 (Dennis), 54,000 (Greenberg) and 79,000 (Smith) vested and unexercised stock options granted under the 1989 Plan, the 1999 Plan and/or the 2005 Plan. Includes 7,749 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 report, 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. Mr. Kosann s employment was terminated on January 8, 2008 and Mr. Beusse became the Company s CEO on January 8, 2008.

(11) Includes 65,000 shares of restricted stock (vested and unvested, including dividend equivalents) granted under the 2005 Plan.

Changes in Control

The Company is not aware of any arrangement which may at a subsequent date result in a change in control of the Company.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Related Party Transactions

Except for the transactions with CBS Radio described below, the Company is not aware of any transaction entered into in 2007, or any transaction currently proposed, in which a related person has, or will have, a direct or indirect material interest. On March 3, 2008, the Company closed the Master Agreement with CBS Radio which documents a long-term arrangement between the parties through March 31, 2017. On that date, the Management Agreement and CBS Representation Agreement terminated and the CBS warrants described below were cancelled. Also, on January 8, 2008 and March 3, 2008, respectively, two employees of CBS Radio who served on the Company s Board during 2007 (Messrs. Kosann and Berger) resigned as directors of the Company. As of March 3, 2008, CBS Radio beneficially owned 16 million shares of the Common Stock of the Company (the same number of shares it held through 2007). During 2007 and continuing in 2008, 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 fiscal year 2007, when the Management Agreement was still in place, CBS Radio provided to the Company the services of a chief executive officer and a chief financial officer. Pursuant to the Management Agreement, the Company was 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 2007 was approximately $3,394,000.

In addition, under the Management Agreement, the Company was obligated to pay 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 was also required to 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 year 2007 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 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 had an exercise price of $43.11 and $48.36, respectively, and became 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 was equal to $38.87, $44.70, $51.40, $59.11 and $67.98, respectively. These warrants each had a term of 10 years and became exercisable on January 2, 2005, 2006, 2007, 2008, and 2009, respectively, subject to a trading price condition. The trading price condition specified 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, the $51.40 warrants and the $59.11 warrants, respectively, the Company s average stock price for the 15 trading days prior to January 2, 2005, January 2, 2006, January 2, 2007 and January 2, 2008, respectively, did not equal or exceed the requisite target price, and, therefore, such warrants did not become exercisable. As of December 31, 2007, 1,500,000 of these warrants were cancelled as our Common Stock did not reach the specified price targets necessary for the warrants to become exercisable. As described above, on March 3, 2008, all warrants issued to CBS Radio were cancelled in accordance with the terms of the Master Agreement which closed on that date. The registration rights agreement covering the shares of Common Stock issuable upon exercise of the warrants was also terminated on March 3, 2008, however, the Company and CBS Radio entered into a new registration rights agreement which provides registration rights to the 16,000,000 shares of Company Common Stock held by CBS Radio and its affiliates.
Until March 3, 2008, the Company had a Representation Agreement with CBS Radio to operate the CBS Radio Networks until March 31, 2009. Under the agreement, the Company retained all revenue and was responsible for all expenses of the CBS Radio Networks. During 2007, we incurred expenses aggregating approximately $66,633,000 for the Representation Agreement, affiliation agreements and the purchase of programming rights from CBS Radio and affiliates. The description and amounts regarding related party transactions set forth in this proxy statement also reflect transactions between us and Viacom Inc. Viacom is an affiliate of CBS Radio, as National Amusements, Inc. beneficially owns a majority of the voting powers of all classes of common stock of each of CBS Corporation and Viacom.
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.

Company 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.

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While the foregoing procedures are not in writing, the Company did have written procedures regarding transactions with its manager, CBS Radio, in the Management Agreement between the Company and CBS Radio (the Management Agreement), which terminated on March 3, 2008, but was in effect for all of fiscal year 2007. 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 had to 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 had to be approved by the Company s Board. Such exceptions included, 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.

Item 14. Principal Accountant Fees and Services

Fees to Independent Registered Public Accounting Firm

The following table presents fees billed for fiscal years 2007 and 2006 for professional services rendered by PricewaterhouseCoopers LLP for the audit of the Company s financial statements for fiscal years 2007 and 2006 as well as fees billed for audit-related services, tax services and all other services rendered by PricewaterhouseCoopers LLP for 2007 and 2006.

(in thousands)	2007	2006
(1) Audit Fees	$ 1,317	$ 1,000
(2) Audit-Related Fees		
(3) Tax Fees		
(4) All Other Fees		

All audit-related services were approved by the Audit Committee, which concluded that the provision of such services by PricewaterhouseCoopers LLP did not impair that firm s independence in the conduct of the audit.

Audit Committee Pre-Approval Policies and Procedures

All services provided to the Company by PricewaterhouseCoopers LLP in 2007 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

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PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents filed as part of this report on Form 10-K

1,2. Financial statements and schedules to be filed hereunder are indexed on page F-1 hereof.

3. Exhibits

EXHIBIT NUMBER (A)	DESCRIPTION
3.1	Restated Certificate of Incorporation, as filed on October 25, 2002. (14)
3.2	Bylaws of Registrant as currently in effect. (6)
4.1	Note Purchase Agreement, dated as of December 3, 2002, between Registrant and the noteholders parties thereto. (15)
4.1.1	First Amendment, dated as of February 28, 2008, to Note Purchase Agreement, dated as of December 3, 2002, by and between Registrant and the noteholders parties thereto. (34)
10.1	Employment Agreement, dated April 29, 1998, between Registrant and Norman J. Pattiz. (8) *
10.2	Amendment to Employment Agreement, dated October 27, 2003, between Registrant and Norman J. Pattiz. (16) *
10.2.1	Amendment No. 2 to Employment Agreement, dated November 28, 2005, between Registrant and Norman J. Pattiz (7) *
10.2.2	Amendment No. 3, effective January 8, 2008, to the employment agreement by and between Registrant and Norman Pattiz (30)*
10.3	Form of Indemnification Agreement between Registrant and its directors and executive officers. (1)
10.4	Credit Agreement, dated March 3, 2004, between Registrant, the Subsidiary Guarantors parties thereto, the Lenders parties thereto and JPMorgan Chase Bank as Administrative Agent. (16)
10.4.1	Amendment No. 1, dated as of October 31, 2006, to the Credit Agreement, dated as of March 3, 2004, between Registrant, the Subsidiary Guarantors parties thereto, the Lenders parties thereto and JPMorgan Chase Bank, N.A., as Administrative Agent. (23)
10.4.2	Amendment No. 2, dated as of January 11, 2008, to the Credit Agreement, dated as of March 3, 2004, between Registrant, the Subsidiary Guarantors parties thereto, the Lenders parties thereto and JPMorgan Chase Bank, N.A., as Administrative Agent. (26)
10.4.3	Amendment No. 3, dated as of February 25, 2008, to the Credit Agreement, dated as of March 3, 2004, between Registrant, the Subsidiary Guarantors parties thereto, the Lenders parties thereto and JPMorgan Chase Bank, N.A., as Administrative Agent. (13)
10.5	Purchase Agreement, dated as of August 24, 1987, between Registrant and National Broadcasting Company, Inc. (2)
10.6	Agreement and Plan of Merger among Registrant, Copter Acquisition Corp. and Metro Networks, Inc. dated June 1, 1999 (9)
10.7	Amendment No. 1 to the Agreement and Plan Merger, dated as of August 20, 1999, by and among Registrant, Copter Acquisition Corp. and Metro Networks, Inc. (10)
10.8	Employment Agreement, effective May 1, 2003, between Registrant and Paul Gregrey, as amended by Amendment 1 to Employment Agreement, effective January 1, 2006. (35) *
10.8.1	Amendment No. 2 to Employment Agreement, dated May 4, 2007, between Registrant and Paul Gregrey (27)*
10.9	Employment Agreement, effective October 16, 2004, between Registrant and David Hillman, as amended by Amendment No. 1 to Employment Agreement, effective January 1, 2006.

	(28)*
10.9.1	Amendment No. 2 to the Employment Agreement, effective July 10, 2007, between Registrant and David Hillman. (29)*
10.10	Registrant Amended 1999 Stock Incentive Plan. (22) *
10.11	Amendment to Registrant Amended 1999 Stock Incentive Plan, effective May 25, 2005 (19) *
10.12	Registrant 1989 Stock Incentive Plan. (3) *
10.13	Amendments to Registrant s Amended 1989 Stock Incentive Plan. (4) (5) *

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EXHIBIT NUMBER (A)	DESCRIPTION
10.14	Leases, dated August 9, 1999, between Lefrak SBN LP and Westwood One Radio Networks, Inc. and between Infinity and Westwood One Radio Networks, Inc. relating to New York, New York offices. (11)
10.15	Form of Stock Option Agreement under Registrant s Amended 1999 Stock Incentive Plan. (17) *
10.16	Employment Agreement, effective January 1, 2004, between Registrant and Andrew Zaref. (18) *
10.16.1	Amendment No. 1 to Employment Agreement, dated as of June 30, 2006, between Registrant and Andrew Zaref (24) *
10.17	Registrant 2005 Equity Compensation Plan (19) *
10.18	Form Amended and Restated Restricted Stock Unit Agreement under Registrant 2005 Equity Compensation Plan for outside directors (20) *
10.19	Form Stock Option Agreement under Registrant 2005 Equity Compensation Plan for directors. (21) *
10.20	Form Stock Option Agreement under Registrant 2005 Equity Compensation Plan for non-director participants. (21) *
10.21	Form Restricted Stock Unit Agreement under Registrant 2005 Equity Compensation Plan for non- director participants. (20)*
10.22	Form Restricted Stock Agreement under Registrant 2005 Equity Compensation Plan for non-director participants. (20) *
10.23	Employment Agreement, effective as of July 16, 2007, by and between Registrant and Gary Yusko. (29)*
10.24	Master Agreement, dated as of October 2, 2007, by and between Registrant and CBS Radio Inc. (31)
10.25	Employment Agreement, effective as of January 8, 2008, by and between Registrant and Thomas F.X. Beusse. (30)*
10.26	Consent Agreement, dated as of January 8, 2008, made by and among CBS Radio Inc., Registrant, and Thomas F.X. Beusse. (30)*
10.27	Stand-Alone Stock Option Agreement, dated as of January 8, 2008, by and between Registrant and Thomas F.X. Beusse. (30)*
10.28	Letter Agreement, dated February 25, 2008, by and between Registrant and Norman J. Pattiz (32)*
10.29	Purchase Agreement, dated February 25, 2008, between Registrant and Gores Radio Holdings, LLC. (32)
10.30	Registration Rights Agreement, dated March 3, 2008, between Registrant and Gores Radio Holdings, LLC. (33)
10.31	Intercreditor and Collateral Trust Agreement, dated as of February 28, 2008, by and among Registrant, the Subsidiary Guarantors parties thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, the financial institutions that hold the Notes and The Bank of New York, as Collateral Trustee (34)
10.32	Shared Security Agreement, dated as of February 28, 2008, by and among Registrant, the Subsidiary Guarantors parties thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and The Bank of New York, as Collateral Trustee (34)
10.33	

	Shared Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of February 28, 2008, by Registrant, to First American Title Insurance Company, as Trustee, for the benefit of The Bank of New York, as Beneficiary (34)
10.34	Mutual General Release and Covenant Not to Sue, dated as of March 3, 2008, by and between Registrant and CBS Radio Inc. (33)
10.35	Amended and Restated News Programming Agreement, dated as of March 3, 2008, by and between Registrant and CBS Radio Inc. (33)
10.36	Amended and Restated Technical Services Agreement, dated as of March 3, 2008, by and between Registrant and CBS Radio Inc. (33)
10.37	Amended and Restated Trademark License Agreement, dated as of March 3, 2008, by and between Registrant and CBS Radio Inc. (33)
10.38	Amended and Restated Registration Rights Agreement, dated as of March 3, 2008, by and between Registrant and CBS Radio Inc. (33)
10.39	Lease for 524 W. 57th Street, dated as of March 3, 2008, by and between Registrant and CBS Broadcasting Inc. (33)
10.40	Form Westwood One Affiliation Agreement, dated February 29, 2008, between Westwood One, Inc. on its behalf and on behalf of its affiliate, Westwood One Radio Networks, Inc. and CBS Radio Inc., on its behalf and on behalf of certain CBS Radio stations (33)
10.41	Form Metro Affiliation Agreement, dated as of February 29, 2008, by and between Metro Networks Communications, Limited Partnership, and CBS Radio Inc., on its behalf and on behalf of certain CBS Radio stations (33)

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EXHIBIT NUMBER (A)	DESCRIPTION
21	List of Subsidiaries. +
23	Consent of Independent Registered Public Accounting Firm. +
31.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes- Oxley Act of 2002. +
31.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes- Oxley Act of 2002. +
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes- Oxley Act of 2002. ***
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes- Oxley Act of 2002. ***

* Indicates a management contract or compensatory plan

\+ Filed herewith.

*** Furnished herewith.

(A) The Company agrees to furnish supplementally a copy of any omitted schedule to the SEC upon request.

(1) Filed as part of Registrant s September 25, 1986 proxy statement and incorporated herein by reference.

(2) Filed an exhibit to Registrant s current report on Form 8-K

dated September 4, 1987 and incorporated herein by reference.

(3) Filed as part of Registrant s March 27, 1992 proxy statement and incorporated herein by reference.

(4) Filed as an exhibit to Registrant s July 20, 1994 proxy statement and incorporated herein by reference.

(5) Filed as an exhibit to Registrant s April 29, 1996 proxy statement and incorporated herein by reference.

(6) Filed as an exhibit to Registrant s annual report on Form 10-K for the year ended December 31, 1994 and incorporated herein by reference.

(7) Filed as an exhibit to Registrant s

current report on Form 8-K dated November 28, 2005 and incorporated herein by reference.

(8) Filed as an exhibit to Registrant s annual report on Form 10-K for the year ended December 31, 1998 and incorporated herein by reference.

(9) Filed as an exhibit to Registrant s current report on Form 8-K dated June 4, 1999 and incorporated herein by reference.

(10) Filed as an exhibit to Registrant s current report on Form 8-K dated October 1, 1999 and incorporated herein by reference.

(11) Filed as an exhibit to Registrant s annual report on Form 10-K for the year ended December 31, 1999 and

incorporated herein by reference.

(12) Filed as an exhibit to Registrant s annual report on Form 10-K for the year ended December 31, 2000 and incorporated herein by reference.

(13) Filed as an exhibit to Registrant s current report on Form 8-K dated February 25, 2008 (filed on February 29, 2008) and incorporated herein by reference.

(14) Filed as an exhibit to Registrant s quarterly report on Form 10-Q for the quarter ended September 30, 2002 and incorporated herein by reference.

(15) Filed as an exhibit to Registrant s current report on Form 8-K dated December 4, 2002 and

incorporated herein by reference.

(16) Filed as an exhibit to Registrant s annual report on Form 10-K for the year ended December 31, 2003 and incorporated herein by reference.

(17) Filed as an exhibit to Registrant s current report on Form 8-K dated October 12, 2004 and incorporated herein by reference.

(18) Filed as an exhibit to Registrant s annual report on Form 10-K for the year ended December 31, 2004 and incorporated herein by reference.

(19) Filed as an exhibit to Company s current report on Form 8-K, dated May 25, 2005 and incorporated herein by reference.

(20) Filed as an exhibit to Company s current report of Form 8-K dated March 17, 2006 and incorporated herein by reference.

(21) Filed as an exhibit to Registrant s current report on Form 8-K dated December 5, 2005 and incorporated herein by reference.

(22) Filed as an exhibit to Registrant s April 30, 1999 proxy statement and incorporated herein by reference.

(23) Filed as an exhibit to Registrant s current report on Form 8-K dated November 6, 2006 and incorporated herein by reference.

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(24) Filed as an exhibit to Registrant s current report on Form 8-K dated June 30, 2006 and incorporated herein by reference.

(25) Filed as an exhibit to Registrant s quarterly report on Form 10-Q for the quarter ended March 31, 2006 and incorporated herein by reference.

(26) Filed as an exhibit to Registrant s current report on Form 8-K dated January 11, 2008 and incorporated herein by reference.

(27) Filed as an exhibit to Registrant s current report on Form 10-Q for the quarter ended March 31, 2007 and incorporated herein by reference.

(28) Filed as an exhibit to Registrant s annual report on Form 10-K/A for the year ended December 31, 2006 and incorporated herein by reference.

(29) Filed as an exhibit to Company s current report on Form 8-K dated July 10, 2007 and incorporated herein by reference.

(30) Filed as an exhibit to Company s current report on Form 8-K dated January 8, 2008 and incorporated herein by reference.

(31) Filed as an exhibit to Company s current report on Form 8-K dated October 2, 2007 and incorporated herein by reference.

(32) Filed as an exhibit to Registrant s current report on Form 8-K

dated February 25, 2008 (filed on February 27, 2008) and incorporated herein by reference.

(33) Filed as an exhibit to Registrant s current report on Form 8-K dated March 3, 2008 and incorporated herein by reference.

(34) Filed as an exhibit to Registrant s current report on Form 8-K dated February 28, 2008 and incorporated herein by reference.

(35) Filed as an exhibit to Registrant s annual report on Form 10-K for the year ended December 31, 2005 and incorporated herein by reference.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WESTWOOD ONE, INC.

Date: April 29, 2008

By: /S/ GARY J. YUSKO
Gary J. Yusko
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/S/ THOMAS F.X. BEUSSE Thomas F.X. Beusse	Director, President and Chief Executive Officer (Principal Executive Officer)	April 29, 2008
/S/ GARY J. YUSKO Gary J. Yusko	Chief Financial Officer (Principal Financial Officer and Chief Accounting Officer)	April 29, 2008
/S/ NORMAN J. PATTIZ Norman J. Pattiz	Chairman of the Board of Directors	April 29, 2008
/S/ ALBERT CARNESALE Albert Carnesale	Director	April 29, 2008
/S/ DAVID L. DENNIS David L. Dennis	Director	April 29, 2008
/S/ GERALD GREENBERG Gerald Greenberg	Director	April 29, 2008
/S/ GRANT F. LITTLE, III Grant F. Little, III	Director	April 29, 2008
/S/ H MELVIN MING H. Melvin Ming	Director	April 29, 2008
/S/ JOSEPH B. SMITH Joseph B. Smith	Director	April 29, 2008

SUPPLEMENTAL INFORMATION TO BE FURNISHED WITH REPORTS FILED PURSUANT TO SECTION 15(D) OF THE ACT BY REGISTRANTS WHICH HAVE NOT REGISTERED SECURITIES PURSUANT TO SECTION 12 OF THE ACT.

No annual report or proxy material has been sent to security holders as of the date of this report.

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INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

All other schedules have been omitted because they are not applicable, the required information is immaterial, or the required information is included in the consolidated financial statements or notes thereto.

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Westwood One, Inc:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Westwood One, Inc. and its subsidiaries at December 31, 2007 and December 31, 2006, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2007 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management s Report on Internal Control over Financial Reporting, appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
New York, New York
March 14, 2008

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WESTWOOD ONE, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	December 31 2007	December 31, 2006
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 6,187	$ 11,528
Accounts receivable, net of allowance for doubtful accounts of $3,602 (2007) and $4,387 (2006)	108,271	115,505
Warrants, current portion	9,706	9,706
Prepaid and other assets	13,990	12,483
Total Current Assets	138,154	149,222
PROPERTY AND EQUIPMENT, NET	33,012	37,353
GOODWILL	464,114	464,114
INTANGIBLE ASSETS, NET	3,443	4,225
OTHER ASSETS	31,034	41,787
TOTAL ASSETS	$ 669,757	$ 696,701
LIABILITIES AND SHAREHOLDERS EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 17,378	$ 35,425
Amounts payable to related parties	30,859	26,344
Deferred revenue	5,815	8,150
Income taxes payable	7,246	6,149
Accrued expenses and other liabilities	29,562	43,841
Total Current Liabilities	90,860	119,909
LONG-TERM DEBT	345,244	366,860
OTHER LIABILITIES	6,022	7,001
TOTAL LIABILITIES	442,126	493,770
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS EQUITY		
Preferred stock: authorized 10,000 shares, none outstanding		
Common stock, $.01 par value: authorized, 300,000 shares; issued and outstanding, 87,105 (2007) and 86,311 (2006)	872	860
	3	3

Class B stock, $.01 par value: authorized, 3,000 shares; issued and outstanding, 292 (2007 and 2006)				
Additional paid-in capital		290,786		291,851
Unrealized gain on available for sale securities		5,955		4,570
Accumulated deficit		(69,985)		(94,353)
TOTAL SHAREHOLDERS EQUITY		227,631		202,931
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$	669,757	$	696,701

See accompanying notes to consolidated financial statements

WESTWOOD ONE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Year Ended December 31, 2007	2006	2005
NET REVENUE	$ 451,384	$ 512,085	$ 557,830
Operating Costs (includes related party expenses of $66,633, $75,514 and $78,388, respectively)	350,440	395,196	378,998
Depreciation and Amortization (includes related party warrant amortization of $9,706, $9,706 and $9,706, respectively)	19,840	20,756	20,826
Goodwill Impairment		515,916	
Corporate General and Administrative Expenses (includes related party expenses of $3,394, $3,273 and $2,853, respectively)	13,171	14,618	14,028
Special Charges	4,626	1,579	
	388,077	948,065	413,852
OPERATING (LOSS) INCOME	63,307	(435,980)	143,978
Interest Expense	23,626	25,590	18,315
Other Income	(411)	(926)	(1,440)
(LOSS) INCOME BEFORE INCOME TAXES	40,092	(460,644)	127,103
INCOME TAXES	15,724	8,809	49,217
NET (LOSS) INCOME	$ 24,368	$ (469,453)	$ 77,886
EARNINGS (LOSS) PER SHARE:			
COMMON STOCK			
BASIC	$ 0.28	$ (5.46)	$ 0.86
DILUTED	$ 0.28	$ (5.46)	$ 0.85
CLASS B STOCK			
BASIC	$ 0.02	$ 0.26	$ 0.24
DILUTED	$ 0.02	$ 0.26	$ 0.24

WEIGHTED AVERAGE SHARES OUTSTANDING:			
COMMON STOCK			
BASIC	86,112	86,013	90,714
DILUTED	86,426	86,013	91,519
CLASS B STOCK			
BASIC	292	292	292
DILUTED	292	292	292

See accompanying notes to consolidated financial statements

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WESTWOOD ONE, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY
(In thousands)

	Common Stock Shares	Common Stock Amount	Class B Stock Shares	Class B Stock Amount	Additional Paid-in Capital	Retained Earnings	Unrealized Gain on Available for Sale Securities	Treasury Stock Shares	Treasury Stock Amount	Total Shareholders Equity	Other Comprehensive Income Loss
BALANCE AT DECEMBER 31, 2004 (restated)	94,354	$ 944	292	$ 3	$ 447,876	$ 351,886	$	$	$	$ 800,709	$
Net income for 2005						77,886				77,886	77,886
Equity based compensation					11,686					11,686	
Issuance of common stock under equity based compensation plans	335	3			1,371					1,374	
Excess windfall (shortfall) benefits on stock option exercises					861					861	
Cancellations of vested equity grants					(851)					(851)	
Cash dividend paid						(27,032)				(27,032)	
Purchase of treasury stock								(8,015)	(160,604)	(160,604)	
Retirement of treasury stock	(8,015)	(80)			(160,524)			8,015	160,604		
BALANCE AT DECEMBER 31, 2005 (restated)	86,674	$ 867	292	$ 3	$ 300,419	$ 402,740	$		$	$ 704,029	$ 77,886
Net loss for 2006						(469,453)				(469,453)	(469,453)
Comprehensive income							4,570			4,570	4,570
Equity based compensation					12,269					12,269	
Issuance of common stock	387	4			388					392	

under equity based compensation plans											
Excess windfall (shortfall) benefits on stock option exercises					(131)					(131)	
Cancellations of vested equity grants					(10,351)					(10,351)	
Cancellation of warrants					290					290	
Cash dividend paid						(27,640)				(27,640)	
Purchase of treasury stock								(750)	(11,044)	(11,044)	
Retirement of treasury stock	(750)	(7)			(11,037)			750	11,044		
BALANCE AT DECEMBER 31, 2006	86,311	$ 864	292	$ 3	$ 291,847	$ (94,353)	$ 4,570		$	$ 202,931	$ (464,883)
Net income for 2007						24,368				24,368	24,368
Comprehensive income							1,385			1,385	1,385
Equity based compensation					9,606					9,606	
Issuance of common stock under equity based compensation plans	794	8			(344)					(336)	
Cancellations of vested equity grants					(7,099)					(7,099)	
Cancellation of warrants					(1,561)					(1,561)	
Cash dividend paid					(1,663)					(1,663)	
BALANCE AT DECEMBER 31, 2007	87,105	$ 872	292	$ 3	$ 290,786	$ (69,985)	$ 5,955		$	$ 227,631	$ 25,753

See accompanying notes to consolidated financial statements

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WESTWOOD ONE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Twelve Months Ended December 31, 2007	2006	2005
CASH FLOW FROM OPERATING ACTIVITIES:			
Net income	$ 24,368	$ (469,453)	$ 77,886
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	19,840	20,756	20,826
Goodwill Impairment		515,916	
Deferred taxes	(6,480)	(20,546)	(7,451)
Non-cash stock compensation	9,606	12,269	11,686
Gain on sale of property			(1,022)
Amortization of deferred financing costs and other	481	359	393
	47,815	59,301	102,318
Changes in assets and liabilities:			
Accounts receivable	7,234	17,278	6,830
Prepaid and other assets	(990)	6,367	(6,787)
Deferred revenue	(2,335)	(936)	(5,172)
Income taxes payable and prepaid income taxes	1,097	(15,724)	16,376
Accounts payable and accrued expenses and other liabilities	(29,435)	32,813	3,807
Amounts payable to related parties	4,515	5,152	918
Net Cash Provided By Operating Activities	27,901	104,251	118,290
CASH FLOW FROM INVESTING ACTIVITIES:			
Capital expenditures	(5,849)	(5,880)	(4,524)
Proceeds from sale of property			2,244
Purchase of loan receivable			(2,000)
Collection of loan receivable		2,000	
Acquisition of companies and other		75	(181)
Net Cash Used In Investing Activities	(5,849)	(3,805)	(4,461)
CASH FLOW FROM FINANCING ACTIVITIES:			
Issuance of common stock under equity based compensation plans		392	3,055
Borrowings under bank and other long-term obligations			70,000
Debt repayments and payments of capital lease obligations	(25,730)	(60,685)	(642)
Dividend payments	(1,663)	(27,640)	(27,032)
Repurchase of common stock		(11,044)	(160,604)
Deferred financing costs		(352)	
Excess windfall tax benefits from stock option exercises		12	861

Net Cash Used in Financing Activities		(27,393)		(99,317)		(114,362)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(5,341)		1,129		(533)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		11,528		10,399		10,932
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$	6,187	$	11,528	$	10,399

See accompanying notes to consolidated financial statements

WESTWOOD ONE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands except per share amounts)

NOTE 1 Summary of Significant Accounting Policies:

Nature of Business

Westwood One, Inc. and its subsidiaries (collectively, the Company) is a provider of analog and digital content, including news, sports, weather, traffic, video news services and other information to the radio, TV and on-line industries. The Company is one of the largest domestic outsource provider of traffic reporting services and one of the nation s largest radio network, producing and distributing national news, sports, talk, music and special event programs, in addition to local news, sports, weather, video news and other information programming.

Westwood One was managed by CBS Radio, Inc. (CBS Radio , previously known as Infinity Broadcasting Corporation (Infinity), a wholly-owned subsidiary of CBS Corporation, pursuant to a management agreement between the Company and CBS Radio (then Infinity) which was scheduled to expire on March 31, 2009 (the Management Agreement). On October 2, 2007, the Company entered into a new arrangement with CBS Radio that was approved by shareholders on February 12, 2008 and became effective on March 3, 2008, on such date, the Management Agreement terminated. See Note 2 Related Party Transactions for additional information with respect to the new arrangement.

Principles of Consolidation

The consolidated financial statements include the accounts of all majority and wholly-owned subsidiaries.

Geographic and Segment Information

Statement of Financial Accounting Standards 131, Disclosures about Segments of an Enterprise and Related Information requires disclosure of financial and descriptive information about reportable operating segments, revenue by products or services, and revenue and assets by geographic areas. The Company has determined that it operates in a single reportable operating segment: the sale of commercial airtime. The Company identifies segments based on the Company s organization under one management group. The Company s operations are managed as one unit and resources are allocated without regard to separate functions.

Revenue Recognition

Revenue is recognized when earned, which occurs at the time commercial advertisements are broadcast. Payments received in advance are deferred until earned and such amounts are included as a component of Deferred Revenue in the accompanying Balance Sheet.

The Company considers matters such as credit and inventory risks, among others, in assessing arrangements with its programming and distribution partners. In those circumstances where the Company functions as the principal in the transaction, the revenue and associated operating costs are presented on a gross basis in the consolidated statement of operations. In those circumstances where the Company functions as an agent or sales representative, the Company s effective commission is presented within Revenue with no corresponding operating expenses.

Barter transactions represent the exchange of commercial announcements for programming rights, merchandise or services. These transactions are recorded at the fair market value of the commercial announcements relinquished, or the fair value of the merchandise and services received. Revenue is recognized on barter transactions when the advertisements are broadcast. Expenses are recorded when the merchandise or service is utilized. Barter revenue of $15,854, $22,923 and $20,200 has been recognized for the years ended December 31, 2007, 2006 and 2005, respectively and barter expenses of $16,116, $19,433 and $17,038 have been recognized for the years ended December 31, 2007, 2006 and 2005, respectively.

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Equity-Based Compensation

Effective January 1, 2006, the Company adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123 (Revised 2004), Share-Based Payment (SFAS 123R). SFAS 123R eliminated the alternative set forth in Accounting Principles Board Opinion No. 25 (APB 25), Accounting for Stock Issued to Employees, allowing companies to use the intrinsic value method of accounting and required that companies record expense for stock compensation on a fair value based method. In connection with the adoption of SFAS 123R, the Company elected to utilize the modified retrospective transition alternative and has, therefore, previously restated all periods prior to January 1, 2006 reflect stock compensation expense in accordance with SFAS 123R.

Depreciation

Depreciation is computed using the straight line method over the estimated useful lives of the assets, as follows:

Buildings	40 years
Leasehold Improvements	Shorter of life or lease term
Recording, broadcasting and studio equipment	5 10 years
Furniture and equipment and other	3 10 years

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses as well as the disclosure of contingent assets and liabilities. Management continually evaluates its estimates and judgments including those related to allowances for doubtful accounts, useful lives of property, plant and equipment and intangible assets, fair value of stock options granted, forfeiture rate of equity based compensation grants, income taxes and other contingencies. Management bases its estimates and judgments on historical experience and other factors that are believed to be reasonable in the circumstances. Actual results may differ from those estimates under different assumptions or conditions.

Cash Equivalents

The Company considers all highly liquid instruments purchased with a maturity of less than three months to be cash equivalents. The carrying amount of cash equivalents approximates fair value because of the short maturity of these instruments.

Allowance for Doubtful Accounts

The Company maintains an allowance for doubtful accounts for estimated losses which may result from the inability of its customers to make required payments. The Company bases its allowance on the likelihood of recoverability of accounts receivable by aging category, based on past experience and taking into account current collection trends that are expected to continue. If economic or specific industry trends worsen beyond the Company s estimates, it would be required to increase its allowance for doubtful accounts. Alternatively, if trends improve beyond its estimates, it would be required to decrease its allowance for doubtful accounts. The Company s estimates are reviewed periodically, and adjustments are reflected through bad debt expense in the period they become known. Changes in the Company s bad debt experience can materially affect the Company s results of operations. The Company s allowance for bad debts requires it to consider anticipated collection trends and requires a high degree of judgment. In addition, as fully described herein, the Company s results in any reporting period could be impacted by relatively few but significant bad debts.

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Program Rights

Program rights are stated at the lower of cost, less accumulated amortization, or net realizable value. Program rights and the related liabilities are recorded when the license period begins and the program is available for use, and are charged to expense when the event is broadcast.

Financial Instruments

The Company uses derivative financial instruments (fixed-to-floating interest rate swap agreements) for the purpose of hedging specific exposures and holds all derivatives for purposes other than trading. All derivative financial instruments held reduce the risk of the underlying hedged item and are designated at inception as hedges with respect to the underlying hedged item. Hedges of fair value exposure are entered into in order to hedge the fair value of a recognized asset, liability or a firm commitment. Derivative contracts are entered into with major creditworthy institutions to minimize the risk of credit loss and are structured to be 100% effective. The Company has designated the interest rate swaps as a fair value hedge. Accordingly pursuant to SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended, the fair value of the swaps are included in other current assets (liabilities) on the consolidated balance sheet with a corresponding adjustment to the carrying value of the underlying debt at December 31, 2007 and 2006.

Goodwill and Intangible Assets

Goodwill represents the excess of cost over fair value of net assets of businesses acquired. In accordance with Statement of Financial Accounting Standards No. 142 (SFAS 142) Goodwill and Other Intangible Assets , the value assigned to goodwill and indefinite lived intangible assets is not amortized to expense, but rather the estimated fair value of the reporting unit is compared to its carrying amount on at least an annual basis to determine if there is a potential impairment. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the implied fair value of the reporting unit goodwill and intangible assets is less than their carrying value. The Company has evaluated the fair value of its reporting unit based on a weighted average of seventy-five percent from a discounted cash flow approach, and twenty-five percent from the quoted market price of the Company s stock at December 31, 2007. This approach is consistent with the approach applied in prior years. The analysis at December 31, 2007, indicates that the fair value of the reporting unit is in excess of the carrying value of the reporting unit and accordingly no impairment exists.

Intangible assets subject to amortization primarily consist of affiliation agreements that were acquired in prior years. Such affiliate contracts, when aggregated, create a nationwide audience that is sold to national advertisers. The intangible asset values assigned to the affiliate agreements for each acquisition were determined based upon the expected discounted aggregate cash flows to be derived over the life of the affiliate relationship. The method of amortizing the intangible asset values reflects, based upon the Company s historical experience, an accelerated rate of attrition in the affiliate base over the expected life of the affiliate relationships. Accordingly, the Company amortizes the value assigned to affiliate agreements on an accelerated basis (periods ranging from 4 to 20 years with a weighted-average amortization period of approximately 8 years) consistent with the pattern of cash flows which are expected to be derived. The Company reviews the recoverability of its finite-lived intangible assets for recoverability whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is assessed by comparison to associated undiscounted cash flows.

Income Taxes

The Company uses the asset and liability method of financial accounting and reporting for income taxes required by Statement of Financial Accounting Standards No. 109 (SFAS 109), Accounting for Income Taxes . Under SFAS 109, deferred income taxes reflect the tax impact of temporary differences between the amount of assets and liabilities recognized for financial reporting purposes and the amounts recognized for tax purposes.

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Effective January 1, 2007, the Company adopted FIN No. 48, Accounting for Uncertainty in Income Taxes which resulted in no material adjustment in the liability for unrecognized tax benefits. The Company classifies interest expense and penalties related to unrecognized tax benefits as income tax expense. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise s financial statements in accordance with SFAS No. 109 and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The evaluation of a tax position in accordance with this Interpretation is a two-step process. The first step is recognition, in which the enterprise determines whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The second step is measurement. A tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements.

Earnings per Share

Basic earnings per share excludes all dilution and is calculated using the weighted average number of Common shares outstanding in the period. Diluted earnings per share reflects the potential dilution that would occur if all dilutive financial instruments which may be exchanged for equity securities were exercised or converted to Common stock. Earnings per share is calculated, utilizing the two-class method, by dividing the sum of distributed earnings to Common and Class B shareholders and undistributed earnings allocated to Common shareholders by the weighted average number of Common shares outstanding during the period. In applying the two-class method, undistributed earnings are allocated to Common shares and Class B stock in accordance with the cash dividend provisions of the Company s articles of incorporation. Such provisions provide that payment of a cash dividend to holders of Common shares does not necessitate a dividend payment to holders of Class B stock. Therefore, in accordance with SFAS 128, Earnings Per Share and Emerging Issues Task Force Issue 03-06, the Company has allocated all undistributed earnings to Common shareholders in the calculations of net income per share.

The following is a reconciliation of the Company s Common and Class B shares outstanding for calculating basic and diluted net income per share:

	Year ended December 31,		
	2007	2006	2005
Net Income (Loss)	$ 24,368	$ (469,453)	$ 77,886
Less: distributed earnings to Common shareholders	1,658	27,565	26,962
Less: distributed earnings to Class B shareholders	5	75	70
Undistributed earnings	$ 22,705	$ (497,093)	$ 50,854
Earnings Common stock			
Basic			
Distributed earnings to Common shareholders	$ 1,658	$ 27,565	$ 26,962
Undistributed earnings allocated to Common shareholders	22,705	(497,093)	50,854
Total Earnings Common stock, basic	$ 24,363	$ (469,528)	$ 77,816
Diluted			
Distributed earnings to Common shareholders	$ 1,658	$ 27,565	$ 26,962

Distributed earnings to Class B shareholders	5		70
Undistributed earnings allocated to Common shareholders	22,705	(497,093)	50,854
Total Earnings Common stock, diluted	$ 24,368	$ (469,528)	$ 77,886
Weighted average Common shares outstanding, basic	86,112	86,013	90,714
Share-based compensation	22		513
Warrants			
Weighted average Class B shares	292		292
Weighted average Common shares outstanding, diluted	86,426	86,013	91,519

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	Year ended December 31, 2007	2006	2005
Earnings per Common share, basic			
Distributed earnings, basic	$ 0.02	$ 0.32	$ 0.30
Undistributed earnings basic	0.26	(5.78)	0.56
Total	$ 0.28	$ (5.46)	$ 0.86
Earnings per Common share, diluted			
Distributed earnings, diluted	$ 0.02	$ 0.32	$ 0.29
Undistributed earnings diluted	0.26	(5.78)	0.56
Total	$ 0.28	$ (5.46)	$ 0.85
Earnings per share Class B Stock			
Basic			
Distributed earnings to Class B shareholders	$ 5	$ 75	$ 70
Undistributed earnings allocated to Class B shareholders			
Total Earnings per share Class B Stock, basic	$ 5	$ 75	$ 70
Diluted			
Distributed Earnings to Class B shareholders	5	75	70
Undistributed earnings allocated to Class B shareholders			
Total Earnings Class B Stock, diluted	$ 5	$ 75	$ 70
Weighted average Class B shares outstanding, basic	292	292	292
Share-based compensation			
Warrants			
Weighted average Class B shares outstanding, diluted	292	292	292
Earnings per Class B share, basic			
Distributed earnings, basic	$ 0.02	$ 0.26	$ 0.24
Undistributed earnings basic			
Total	$ 0.02	$ 0.26	$ 0.24

Earnings per Class B share, diluted						
Distributed earnings, diluted	$	0.02	$	0.26	$	0.24
Undistributed earnings diluted						
Total	$	0.02	$	0.26	$	0.24

Common equivalent shares are excluded in periods in which they are anti-dilutive. The following options, restricted stock, restricted stock units and warrants (see Note 2 Related Party Transactions for more information) were excluded from the calculation of diluted earnings per share because the combined exercise price unamortized fair value, and excess tax benefits were greater than the average market price of the Company s Common stock for the years presented:

	2007	2006	2005
Options	6,426	6,993	8,003
Restricted Stock	971	326	
Restricted Stock Units	203	226	101
Warrants	3,000	3,500	4,000

The per share exercise prices of the options excluded were $1.87-$38.34 in 2007, $9.13-$38.34 in 2006 and $20.50-$38.34 in 2005. The per share exercise prices of the warrants excluded were $43.11-$67.98 in 2007, 2006 and 2005.

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Recent Accounting Pronouncements

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of FASB No. 115 (SFAS No. 159), which provides a fair value measurement option for eligible financial assets and liabilities. Under SFAS No. 159, an entity is permitted to elect to apply fair value accounting to a single eligible item, subject to certain exceptions, without electing it for other identical items. Subsequent unrealized gains and losses on items for which the fair value option has been elected will be included in earnings. The fair value option established by SFAS No. 159 is irrevocable, unless a new election date occurs. This standard reduces the complexity in accounting for financial instruments and mitigates volatility in earnings caused by measuring related assets and liabilities differently. SFAS No. 159 is effective as of the beginning of an entity s first fiscal year beginning after November 15, 2007 which for the Company is January 1, 2008. The Company will adopt the provisions of SFAS No. 159 beginning in fiscal 2008. Management is currently evaluating the impact the adoption of SFAS No. 159 will have on the Company s consolidated financial statements, but does not presently anticipate it will have a material effect on its consolidated financial position or results of operations.

In September 2006, the FASB issued Fair Value Measurements (SFAS No. 157). SFAS No. 157 establishes a common definition of fair value to be applied to US GAAP guidance that requires the use of fair value, establishes a framework for measuring fair value and expands disclosure about such fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007, except for certain non-financial assets where the effective date will be January 1, 2009. The Company is currently assessing the impact of adopting SFAS No. 157, but does not presently expect that it will have a material effect on the consolidated financial position or results of operations.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations (SFAS 141R). SFAS 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS 141R also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS 141R is effective as of the beginning of an entity s fiscal year that begins after December 15, 2008, and will be adopted by us in the first quarter of fiscal 2010. Management is currently evaluating the potential impact, if any, of the adoption of SFAS 141R on our consolidated results of operations and financial condition.

The Company adopted the following accounting standards in fiscal 2007, none of which had a material effect on our consolidated results of operations during such period or financial condition at the end of such period:

SFAS No. 154, Accounting for Changes and Error Corrections ;

Staff Accounting Bulletin No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements ;

FASB Interpretation No. 48, Account for Uncertainty in Income Taxes , and interpretation of SFAS No. 109, Accounting for Income Taxes .

Reclassification

Certain amounts reported in prior years have been reclassified to conform to the current year presentation. Revenue from certain contracts were previously recorded net of expenses paid to third party partners. The Company has determined that it should be recording the related revenue and expense gross in its statement of operations. Accordingly, revenue and operating costs for 2006 were increased by $18,089. In addition, a portion of a health care cost credit previously reflected entirely within corporate general and administrative expenses has been reclassified to operating costs. As a result, operating costs for 2006 decreased and corporate general and administrative expenses increased by $1,413.

NOTE 2 Related Party Transactions:

CBS Radio holds a common equity position in the Company and has provided ongoing management services to the Company under the terms of the Management Agreement. As payment for services received under the Management Agreement, the Company compensates CBS Radio via an annual base fee and provides CBS Radio the opportunity to earn an incentive bonus if the Company exceeds pre-determined targeted cash flows. For the years ended December 31, 2007, 2006 and 2005, CBS Radio earned cash compensation of $3,394, $3,273 and $2,853, respectively. No incentive bonus was paid to CBS Radio in such years as targeted cash flow levels were not achieved during such periods.

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Additionally, the Company granted to CBS Radio seven fully vested and non-forfeitable warrants to purchase 4,500 shares of the Company s Common stock in the aggregate (comprised of two warrants to purchase 1,000 shares of Common stock per warrant and five warrants to purchase 500 shares of Common stock per warrant). Of the seven warrants issued, two 1,000 share warrants had an exercise price of $43.11 and $48.36, respectively, and become exercisable: (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 prices for the five remaining warrants were equal to $38.87, $44.70, $51.40, $59.11 and $67.98, respectively. These warrants each had a term of 10 years (only if they become exercisable) and become exercisable on January 2, 2005, 2006, 2007, 2008, and 2009, respectively, subject to a trading price condition. The trading price condition specifies that 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 warrant tranche and each January 2 thereafter for each of the remaining four warrants) must be equal to at least both the exercise price of the warrant and 120% of the corresponding prior year 15 day trading average. The Company s stock price did not equal or exceed the predetermined levels with respect to the 2005, 2006 and 2007 warrants, and therefore, the warrants did not become exercisable. In connection with the cancellation of these warrants the Company reduced the related deferred tax asset, resulting in a reduction of additional paid in capital of $4,854.

In connection with the May 2002 issuance of warrants to CBS Radio for management services to be provided to the Company in the future, the Company originally reflected the fair value of the warrant issuance of $48,530 as a component of Other Assets with a corresponding increase to Additional Paid in Capital in the accompanying Consolidated Balance Sheet. Upon commencement of the term of the service period to which the warrants relate (April 1, 2004), the Company commenced amortizing the cost of the warrants ratably over the five-year service period. At December 31, 2007, the unamortized value of the May 2002 warrants was $12,132 of which $9,706 was included as a component of Prepaid and Other Assets and $2,426 was included as a component of Other Assets in the accompanying Consolidated Balance Sheet. Related Amortization Expense was $9,706 in 2007, 2006, and 2005.

In addition to the Management Agreement described above, the Company also entered into other transactions with CBS Radio and affiliates of CBS Radio, including Viacom, in the normal course of business. Such arrangements include a Representation Agreement (including a related news programming agreement, a license agreement and a technical services agreement with an affiliate of CBS Radio collectively referred to as the Representation Agreement) to operate the CBS Radio Networks, affiliation agreements with many of CBS Radio s owned and operated radio stations and the purchase of programming rights from CBS Radio and affiliates of CBS Radio. The Management Agreement provides that all transactions between the Company and CBS Radio or its affiliates, other than the Management Agreement and Representation Agreement which were ratified by the Company s shareholders, must be on a basis that is at least as favorable to the Company as if the transactions 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 of Directors.

The Company incurred the following expenses relating to transactions with CBS Radio or its affiliates for the following years:

Nature	2007	2006	2005
Representation Agreement	$ 27,319	$ 27,142	$ 25,699
Programming and Affiliations	39,314	48,372	52,689
Management Agreement (excluding warrant amortization)	3,394	3,273	2,853
Warrant Amortization	9,706	9,706	9,706

	$ 79,733	$ 88,493	$ 90,947

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Expenses incurred for the Representation Agreement and programming and affiliate arrangements are included as a component of Operating Costs in the accompanying Consolidated Statement of Operations. Expenses incurred for the Management Agreement (excluding warrant amortization) and amortization of the warrants granted to CBS Radio under the Management Agreement are included as a component of Corporate, General and Administrative Expenses and Depreciation and Amortization, respectively, in the accompanying Consolidated Statement of Operations. The description and amounts regarding related party transactions set forth in these consolidated financial statements and related notes also reflect transactions between the Company and Viacom. Viacom is an affiliate of CBS Radio, as National Amusements, Inc. beneficially owns a majority of the voting powers of all classes of common stock of each of CBS Corporation and Viacom.

On October 2, 2007, the Company entered into a definitive agreement with CBS Radio through March 31, 2017. As part of the new agreement which was approved by our shareholders on February 12, 2008, CBS Radio agreed to broadcast certain of the Company s local/regional and national commercial inventory through March 31, 2017 in exchange for certain programming and/or cash compensation. Additionally, the News Programming Agreement, the Technical Services Agreement and the Trademark License Agreement were amended and restated and extended through March 31, 2017. The Management and Representation Agreements were cancelled on the effective date and $16,300 of compensation previously paid to CBS Radio under those agreements were added to the maximum potential compensation CBS Radio could earn pursuant to its station affiliation with the Company. In addition, all warrants previously granted to CBS Radio were cancelled. The new arrangement became effective on March 3, 2008.

The Company also has a related party relationship, including a sales representation agreement, with its investee, POP Radio, L.P., which is described in Note 5 Investments and Note Receivable.

NOTE 3 Property and Equipment:

	December 31, 2007	December 31, 2006
Property and equipment is recorded at cost and is summarized as follows at:		
Land, buildings and improvements	$ 12,188	$ 12,278
Recording, broadcasting and studio equipment	71,090	77,927
Furniture and equipment and other	19,274	11,641
	102,552	101,846
Less: Accumulated depreciation and amortization	69,540	64,493
Property and equipment, net	$ 33,012	$ 37,353

Depreciation expense was $9,134, $9,693 and $9,412 for the year ended December 31, 2007, 2006 and 2005, respectively. In 2001, the Company entered into a Capital Lease totaling $6,723. Accumulated amortization related to the Capital Lease was $4,258 and $3,586 as of December 31, 2007 and 2006, respectively.

In December 2005, the Company sold property with a net book value of $1,222 resulting in a pre-tax gain of approximately $1,022. This pre-tax gain has been included in Other Income in the accompanying Consolidated Statement of Operations for the year ended December 31, 2005.

NOTE 4 Goodwill and Intangible Assets:

In connection with its annual goodwill impairment testing for 2007, the Company determined its goodwill was not impaired at December 31, 2007. The conclusion that the fair value of the Company was greater than its carrying value at December 31, 2007 was based upon management s best estimates including a valuation study that was prepared by an independent firm specializing in valuation services using the Company s operational forecasts. The fair value was calculated on a consistently applied weighted average basis using a discounted cash flow model and the quoted market price of the Company s stock.

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In connection with its annual goodwill impairment testing for the year ended December 31, 2006, the Company determined there was an impairment and recorded a non-cash charge of $515,916. The goodwill impairment, the majority of which is not deductible for income tax purposes, was primarily due to our declining operating performance in fiscal 2006 and the reduced valuation multiples in the radio industry.

The 2006 impairment charge reflects the amount by which the carrying value of goodwill exceeded the residual value (or implied fair value of goodwill) remaining after ascribing fair values to the Company s tangible and intangible assets. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. As a result, the Company allocated the fair value of the reporting unit to all of the assets and liabilities of the Company as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the price paid to acquire the reporting unit. The excess of the fair value of the reporting unit over the amounts assigned to its assets and liabilities is the implied fair value of the goodwill.

The changes in the carrying amount of goodwill for the years ended December 31, 2007 and 2006 are as follows:

	2007	2006
Balance at January 1,	$ 464,114	$ 982,219
Pre-acquisition contingencies related to Income taxes and other		(2,189)
Impairment		(515,916)
	$ 464,114	$ 464,114

At December 31, 2007 and 2006, the gross value of the Company s amortizable intangible assets was approximately $28,380, with accumulated amortization of approximately $24,937 and $24,155, respectively. Amortization expense was $782, $783 and $1,170 for the year ended December 31, 2007, 2006 and 2005, respectively. The Company s estimated aggregate amortization expense for intangibles for fiscal year 2008, 2009, 2010, 2011 and 2012 are $783, $783, $734, $634 and $134 respectively.

NOTE 5 Investments and Note Receivable:

On March 29, 2006, the Company s cost method investment in The Australia Traffic Network Pty Limited (ATN) was converted to 1,540 shares of Common stock of Global Traffic Network, Inc. (GTN) in connection with the initial public offering of GTN on that date. The investment in GTN, valued at $10,042 at December 31, 2007, is classified as an available for sale security and included in other assets in the accompanying Consolidated Balance Sheet. Accordingly, the unrealized gain as of December 31, 2007 is included in unrealized gain on available for sale securities in the accompanying Consolidated Balance Sheet.

On October 28, 2005, the Company became a limited partner of POP Radio, LP (POP Radio) pursuant to the terms of a subscription agreement dated as of the same date. As part of the transaction, effective January 1, 2006, the Company became the exclusive sales representative of the majority of advertising on the POP Radio network for five years, until December 31, 2010, unless earlier terminated by the express terms of the sales representative agreement. The Company holds a 20% limited partnership interest in POP Radio. No additional capital contributions are required by any of the limited partners. This investment is being accounted for under the equity method. The initial investment balance was *de minimis*, and the Company s equity in earnings of POP Radio through December 31, 2007 was *de minimis*.

On September 29, 2006, the Company, along with the other limited partners of POP Radio, elected to participate in a recapitalization transaction negotiated by POP Radio with Alta Communications, Inc. (Alta), in return for which the Company received $529 on November 13, 2006 which was recorded within Other Income in the Consolidated Statement of Operations for the year ended December 31, 2006. Pursuant to the terms of the transaction, if and when Alta elects to exercise warrants it received in connection with the transaction, the Company s limited partnership interest in POP Radio will decrease from 20% to 6%.

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NOTE 6 Debt:

Long-term debt consists of the following at:

	December 31, 2007	December 31, 2006
Revolving Credit Facility/Term Loan	$ 145,000	$ 170,000
4.64% Senior Unsecured Notes due on November 30, 2009	50,000	50,000
5.26% Senior Unsecured Notes due on November 30, 2012	150,000	150,000
Fair market value of Swap .	244	(3,140)
	$ 345,244	$ 366,860

On October 31, 2006 the Company amended its existing senior loan agreement with a syndicate of banks led by JP Morgan Chase Bank and Bank of America. The facility, as amended, is comprised of an unsecured five-year $120,000 term loan and a five-year $150,000 revolving credit facility which was automatically reduced to $125,000 effective September 28, 2007 (collectively the Facility). In connection with the original closing of the Facility on March 3, 2004, the Company borrowed the full amount of the term loan, the proceeds of which were used to repay the outstanding borrowings under a prior facility. Interest on the Facility is variable and is payable at a maximum of the prime rate plus an applicable margin of up to .25% or LIBOR plus an applicable margin of up to 1.25%, at the Company s option. The applicable margin is determined by the Company s Total Debt Ratio, as defined in the underlying agreements. The Facility contains covenants relating to dividends, liens, indebtedness, capital expenditures and restricted payments, as defined, interest coverage and leverage ratios.

On December 3, 2002 the Company issued, through a private placement, $150,000 of ten year Senior Notes due November 30, 2012 (interest at a fixed rate of 5.26%) and $50,000 of seven year Senior Notes due November 30, 2009 (interest at a fixed rate of 4.64%, collectively referred to as Senior Notes or Notes). Interest on the Notes is payable semi-annually in May and November. The Notes, which are unsecured, contain covenants relating to leverage and interest coverage ratios that are identical to those contained in the Company s Facility. The Notes may be prepaid at the option of the Company upon proper notice and by paying principal, interest and an early payment penalty.

In addition, the Company entered into a seven-year interest rate swap agreement covering $25,000 notional value of its outstanding borrowings under the Senior Notes to effectively float the interest rate at three-month LIBOR plus 74 basis points and two ten-year interest rate swap agreements covering $75,000 notional value of its outstanding borrowings under the Senior Notes to effectively float the interest rate at three-month LIBOR plus 80 basis points. In total, the swaps covered $100,000 which represented 50% of the notional amount of Senior Notes. In November 2007, one of the ten-year interest rate swap agreements covering $50,000 national value was cancelled, resulting in a payment of $576 to the counter-party.

At December 31, 2007, the Company had available borrowings under the Facility, subject to the restrictions of the Company s covenants, of approximately $44,000. Additionally, at December 31, 2007, the Company had borrowed $145,000 under the Facility at a weighted-average interest rate of 6.8% (including the applicable margin of LIBOR plus 1.125%). As of December 31, 2006, the Company had borrowed $170,000 under the Facility at a weighted-average interest rate of 6.3% (including applicable margin).

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The aggregate maturities of debt for the next five years and thereafter, pursuant to the Company s debt agreements as in effect at December 31, 2007, are as follows (excludes market value adjustments):

Year	
2008	
2009	$ 195,000
2010	
2011	
2012	150,000
	$ 345,000

The Company s bank facility matures in February 2009. Accordingly, the Company must refinance its bank facility, develop new funding sources and/or raise additional capital. If the Company is unable to refinance, identify new funding sources and/or raise additional capital, it may not be able to repay the facility upon maturity. In addition, if the Company s operating results continue to decline, it may cause the Company to seek a waiver or further amendments to their debt covenants. If we are unable to refinance or repay our debt at maturity, it could have a material and adverse effect on the Company s business continuity, results of operations, cash flows and financial condition.

Effective February 28, 2008 (with the exception of clause (v) which was effective March 3, 2008), the Company amended the Facility to: (i) provide security to our lenders (including holders of our Notes), (ii) reduce the amount of the revolving credit facility to $75,000, (iii) increase the applicable margin on LIBOR loans to 1.75% and on prime rate loans to 0.75%, (iv) change the allowable Total Debt Ratio to 4.0 times its Annualized Consolidated Operating Cash Flow through the remaining term of the Facility, (v) eliminate the provision that deemed the termination of the CBS Radio Management Agreement an event of default and (vi) include covenants prohibiting the payment of dividends and restricted payments. As noted above, as a result of providing the banks in the Facility with a security interest in our assets, the note holders were also provided with security pursuant to the terms of the Note Purchase Agreement.

NOTE 7 Financial Instruments:

Interest Rate Risk Management

In order to achieve a desired proportion of variable and fixed rate debt, the Company entered into a seven year interest rate swap agreement covering $25,000 notional value of its outstanding borrowing to effectively float the majority of the interest rate at three-month LIBOR plus 74 basis points and two ten year interest rate swap agreements covering $75,000 notional value of its outstanding borrowing to effectively float majority of the interest rate at three-month LIBOR plus 80 basis points. In total, the swaps initially covered $100,000 which represented 50% of the notional amount of senior unsecured notes. These swap transactions allow the Company to benefit from short-term declines in interest rates while having the long-term stability of fairly low fixed rates. In November 2007, the Company cancelled one of the ten year swap agreements covering $50,000 notional value, by paying the counter-party $576. The instruments meet all of the criteria of a fair-value hedge and are classified in the same category as the item being hedged in the accompanying balance sheet. The Company has the appropriate documentation, including the risk management objective and strategy for undertaking the hedge, identification of the hedged instrument, the hedge item, the nature of the risk being hedged, and how the hedging instrument s effectiveness offsets the exposure to changes in the hedged item s fair value.

At December 31, 2007, the Company had the following interest rate swaps:

	Interest Rate	
Maturity Dates	Paid (1)	Received

	Notional Principal Amount			Variable Rate Index
November 2009	$25,000	5.08	3.91	3 Month LIBOR
November 2012	$25,000	5.08	4.41	3 Month LIBOR

(1) The interest rate paid at December 31, 2006 was 5.37%.

The estimated fair values of the Company s interest rate swaps at December 31, 2007 and 2006 were $244 and $3,140 respectively and were included in other assets or accrued expenses, respectively, in the accompanying Consolidated Balance Sheet.

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Fair Value of Financial Instruments

The Company s financial instruments include cash, cash equivalents, receivables, accounts payable, borrowings and interest rate contracts. At December 31, 2007 and 2006, the fair values of cash and cash equivalents, receivables and accounts payable approximated carrying values because of the short-term nature of these instruments. The estimated fair values of other financial instruments subject to fair value disclosures, determined based on broker quotes or quoted market prices or rates for the same or similar instruments, and the related carrying amounts are as follows:

	December 31, 2007		December 31, 2006	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Borrowings (Short and Long Term)	$ 345,000	$ 345,732	$ 370,000	$ 366,860
Risk management contracts:				
Interest rate swaps	244	244	(3,140)	(3,140)

Credit Concentrations

The Company continually monitors its positions with, and the credit quality of, the financial institutions that are counterparties to its financial instruments, and does not anticipate nonperformance by the counterparties.

The Company s receivables do not represent a significant concentration of credit risk at December 31, 2007, due to the wide variety of customers and markets in which the Company operates.

NOTE 8 Shareholders Equity:

The authorized capital stock of the Company consists of Common stock, Class B Stock and Preferred Stock. Common stock is entitled to one vote per share while Class B Stock is entitled to 50 votes per share. Class B Stock is convertible to Common stock on a share-for-share basis.

The Company s Board of Directors has approved plans to purchase shares of the Company s Common stock to enhance shareholder value. The Company did not purchase any shares in 2007. In 2006, the Company purchased 750 shares for approximately $11,044, and in 2005 purchased 8,015 shares for approximately $160,604. At December 31, 2007, the Company had authorization to repurchase up to $290,490 of its Common Stock, however the Company does not plan on repurchasing any additional share in the foreseeable future.

On March 6, 2007 the Company s Board of Directors declared cash dividends of $0.02 for each issued and outstanding share of Common stock and $0.016 for each issued and outstanding share of Class B stock. In May 2007, the Board of Directors elected to discontinue the payment of a dividend. The Company does not plan on declaring dividends for the foreseeable future.

On February 2, April 18, and August 7, 2006, the Company s Board of Directors declared cash dividends of $0.10 for each issued and outstanding share of Common stock and $0.08 per share for each issued and outstanding share of Class B stock. On November 7, 2006, the Company s Board of Directors declared cash dividends of $0.02 for each issued and outstanding share of Common stock and $0.016 for each issued and outstanding share of Class B stock.

On April 29, August 3, and November 2, 2005, the Company s Board of Directors declared cash dividends of $0.10 per share for each issued and outstanding share of Common stock and $0.08 per share for each issued and outstanding share of Class B stock.

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NOTE 9 Equity-Based Compensation:

Equity Compensation Plans

The Company established stock option plans in 1989 (the 1989 Plan) and 1999 (the 1999 Plan) which provide for the granting of options to directors, officers and key employees to purchase Company Common stock at its market value on the date the options are granted. Under the 1989 Plan, 12,600 shares were reserved for grant through March 1999. The 1989 Plan expired, but certain grants made under the 1989 Plan remain outstanding at December 31, 2007. On September 22, 1999, the shareholders ratified the 1999 Plan which authorized the grant of up to 8,000 shares of Common stock. Options granted under the 1999 Plan generally become exercisable after one year in 20% increments per year and expire within ten years from the date of grant.

On May 19, 2005, the Board modified the 1999 Plan by deleting the provisions of the 1999 Plan that provided for a mandatory annual grant of 10 stock options to outside directors. Also, on May 19, 2005, the shareholders of the Company approved the 2005 Equity Compensation Plan (the 2005 Plan). Among other things, the 2005 Plan provides for the granting of restricted stock and restricted stock units (RSUs) of the Company. A maximum of 9,200 shares of Common stock of the Company is authorized for the issuance of awards under the 2005 Plan.

Beginning on May 19, 2005, outside directors automatically receive a grant of RSUs equal to $100 in value on the date of each Company annual meeting of shareholders. Newly appointed outside directors receive an initial grant of RSUs equal to $150 in value on the date such director is appointed to the Company s Board. Such awards are governed by the 2005 Plan.

Options and restricted stock granted under the 2005 Plan generally vest in 25%, 33% or 50% increments per year, on the anniversary date of each grant, and options expire within ten years from the date of grant. RSUs awarded to directors generally vest over a three-year period in equal one-third increments per year. Directors RSUs vest automatically, in full, upon a change in control or upon their retirement, as defined in the 2005 Plan. RSUs are payable in newly issued shares of the Company s Common stock. Recipients of restricted stock and RSUs are entitled to receive dividend equivalents (subject to vesting) when and if the Company pays a cash dividend on its Common stock. Such dividend equivalents are payable, in newly issued shares of Common stock, only upon the vesting of the related restricted shares.

Restricted stock has the same cash dividend and voting rights as other Common stock and is considered to be currently issued and outstanding. Restricted stock and RSUs have dividend equivalent rights equal to the cash dividend paid on Common stock. RSUs do not have the voting rights of Common stock, and the shares underlying the RSUs are not considered issued and outstanding.

At December 31, 2007, there were 3,998 shares available for grant under the 2005 Plan and 4,382 shares available for grant under the 1999 Plan. No shares may be issued under the 1999 Plan after March 31, 2009.

Adoption of SFAS 123R

Prior to January 1, 2006, the Company accounted for equity-based compensation under the recognition and measurement provisions of APB 25 and the related Interpretations, as permitted by Financial Accounting Standards Board Statement No. 123, Accounting for Stock Based Compensation. No share based compensation expense was recognized in the Statement of Operations as all option grants had an exercise price equal to the market value of the underlying Common stock on the date of grant and the number of shares was fixed, except for a non-cash stock compensation charge of $400 recorded in 2005 in connection with the grant of RSUs to certain individuals.

Effective January 1, 2006, the Company adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123 (Revised 2004), Share-Based Payment (SFAS 123R). SFAS 123R eliminated the alternative set forth in APB 25 allowing companies to use the intrinsic value method of accounting and required that companies record expense for stock compensation on a fair value based method. In connection with the adoption of SFAS 123R, the Company elected to utilize the modified retrospective transition alternative and has, therefore, restated all prior periods to reflect stock compensation expense in accordance with SFAS 123R. As a result, income before income taxes and net income in 2005 were reduced by $11,286 and $6,797, respectively.

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Prior to the adoption of SFAS 123R, the Company presented all tax benefits of deductions resulting from the exercise of stock options as operating cash flows in the Consolidated Statements of Cash Flows. SFAS 123R requires that cash flows resulting from tax deductions that are in excess of the compensation costs recognized for those options (known as Windfall Tax Benefits) be classified as financing cash flows.

Stock Options

The following table summarizes stock option activity for 2007, 2006 and 2005:

	2007		2006		2005	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, beginning of year	6,086	$ 23.84	7,788	$ 25.07	7,996	$ 24.90
Granted	361	$ 5.82	806	$ 13.98	624	$ 20.25
Exercised			(45)	$ 8.54	(334)	$ 9.13
Cancelled, forfeited or expired	(2,559)	$ 24.31	(2,463)	$ 24.78	(498)	$ 26.98
Outstanding, end of year	3,888	$ 21.86	6,086	$ 23.84	7,788	$ 25.07

At December 31, 2007 there were 2,746 vested and exercisable options with a weighted average exercise price of $24.00, aggregate intrinsic value of $0, and weighted average remaining contractual term of 4.1 years. Additionally, at December 31, 2007, 1,456 options were expected to vest with a weighted average exercise price of $16.48, and weighted average remaining term of 5.90 years. The aggregate intrinsic value of these options was $3. The aggregate intrinsic value of options exercised during the years ended December 31, 2007, 2006 and 2005, was $0, $74, and $3,445 respectively. The aggregate intrinsic value of options represents the total pre-tax intrinsic value (the difference between the Company s closing stock price on the last trading day of fiscal 2007 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on December 31, 2007. This amount changes based on the fair market value of the Company s Common stock.

As of December 31, 2007, there was $7,312 of unearned compensation cost related to stock options granted under the plans. That cost is expected to be recognized over a weighted-average period of 1.69 years. Total compensation expense in 2007, 2006 and 2005 related to stock options was $6,835, $10,170 and $11,286 respectively. Of that expense, $3,933, $5,651 and $6,721, respectively, was included in operating costs in the Statement of Operations and $2,902, $4,519, and $4,565, respectively, was included in Corporate, general and administrative expense in the Statement of Operations.

In 2007, the Company increased its estimated forfeiture rate based on past experience which, as a result, had the effect of reducing stock-based compensation expense by $372 in 2007.

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The aggregate estimated fair value of options vesting was $5,976 during the year ended December 31, 2007. The weighted average fair value of the options granted was $2.39**,** $5.37 and $5.90 during the years ended December 31, 2007, 2006 and 2005, respectively. The estimated fair value of options granted was measured on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	Year Ended December 31,		
	2007	2006	2005
Risk-Free Interest Rate	4.52%	4.53%	4.0%
Expected Term	5.7	6.2	4.9
Expected Volatility	40.12%	45.05%	28.97%
Expected Dividend Yield	0.79%	2.80%	1.16%

The risk-free interest rate for periods within the life of the option is based on a blend of U.S. Treasury bond rates. Beginning with options granted after January 1, 2006, the expected term assumption has been calculated using the shortcut method as permitted by Staff Accounting Bulletin No. 107. Prior to January 1, 2006, the Company set the expected term equal to the applicable vesting period. The expected volatility assumption used by the Company is based on the historical volatility of the Company s stock. The dividend yield represents the expected dividends on the Company stock for the expected term of the option.

Additional information related to options outstanding at December 31, 2007, segregated by grant price range, is summarized below:

	Number of Options	Weighted Average Exercise Price	Remaining Weighted Average Contractual Life (In Years)
Options Outstanding at Exercise Price Ranges of:			
$1.87-$6.17	203	$ 5.54	9.19
$6.57-$9.88	53	7.29	8.87
$10.09-$19.93	1,258	15.31	4.70
$20.25-$26.96	1,190	21.32	5.38
$30.19-$38.34	1,184	32.75	4.53
	3,888	$ 21.86	5.14

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Restricted Stock

The Company has awarded restricted shares of Common stock to certain key employees. The awards have restriction periods tied solely to employment and vest over periods ranging from 2 to 4 years. The cost of these restricted stock awards, calculated as the fair market value of the shares on the date of grant net of estimated forfeitures, is expensed ratably over the vesting period. There were no restricted shares granted in 2005.

The following table summarized the restricted stock activity for 2007 and 2006:

	2007			2006		
	Shares		Weighted Avg Grant Date Fair Value Per Share	Shares		Weighted Avg Grant Date Fair Value Per Share
Unvested, beginning of year	326	$	13.06	0	$	0.00
Granted	880	$	6.16	353	$	13.15
Converted to Common Stock	(76)	$	13.28	0	$	0.00
Forfeited	(180)	$	8.27	(27)	$	14.16
Unvested, end of year	950	$	8.62	326	$	13.06

As of December 31, 2007, there was $4,511 of unearned compensation cost related to restricted stock grants. The unearned compensation is expected to be recognized over a weighted-average period of 2.06 years. Total compensation expense recognized in 2007 and 2006 related to restricted stock is $1,921 ($1,453 included in operating costs and $468 in corporate, general and administrative expense) and $795 ($694 included in operating costs and $101 in corporate, general and administrative expense), respectively.

RSUs

The Company has awarded RSUs to Board members and certain key executives, which vest over three and four years, respectively. The cost of the RSUs, which is determined to be the fair market value of the shares at the date of grant net of estimated forfeitures, is expensed ratably over the vesting period, or period to retirement eligibility if shorter.

The following table summarizes RSU activity for 2007, 2006 and 2005:

	2007			**2006**			**2005**		
	Shares		Weighted Avg Grant Date Fair Value Per Share	Shares		Weighted Avg Grant Date Fair Value Per Share	Shares		Weighted Avg Grant Date Fair Value Per Share
Outstanding, beginning of year	226	$	13.06	101	$	18.07	0	$	0.00
Granted	115	$	5.63	189	$	11.89	105	$	18.15
Dividend equivalents	1	$	6.87	8	$	8.27	1	$	19.41
Converted to Common stock	(71)	$	12.40	(28)	$	16.15			
Forfeited	(41)	$	15.12	(44)	$	16.64	(5)	$	16.64

Outstanding, end of year	230	$	9.15	226	$	13.06	101	$	18.07
Vested, end of year	18			15			0		
Unvested, end of year	212			211			101		

As of December 31, 2007, there was $879 of unearned compensation cost. The cost is expected to be recognized over a weighted-average period of 1.57 years. Total compensation expense recognized related to RSUs in 2007, 2006 and 2005 was $850, $1,304 and $400, respectively. These costs are included in Corporate, General and Administrative expense in the accompanying Statement of Operations.

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NOTE 10 Income Taxes:

The components of the provision for income taxes are as follows:

	Year Ended December 31, 2007	2006	2005
Current			
Federal	$ 18,466	$ 26,304	$ 48,682
State	3,738	3,588	7,988
	$ 22,204	$ 29,892	$ 56,670
Deferred			
Federal	(5,542)	(18,537)	(6,421)
State	(938)	(2,546)	(1,030)
	(6,480)	(21,083)	(7,451)
Income Tax Expense	$ 15,724	$ 8,809	$ 49,219

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities on the Company s balance sheet and the amounts used for income tax purposes. Significant components of the Company s deferred tax assets and liabilities follow:

	2007	2006
Deferred tax liabilities:		
Property and equipment	$ 2,404	$ 4,122
Investment	3,709	2,876
Other	488	227
Total deferred tax liabilities	$ 6,601	$ 7,225
Deferred tax assets:		
Goodwill, intangibles and other	6,673	6,249
Allowance for doubtful accounts	1,321	1,665
Deferred Compensation	1,443	1,509
Equity Based Compensation	11,401	15,057
Accrued expenses and other		237
Total deferred tax assets	$ 20,838	$ 24,717
Net deferred tax assets	$ 14,237	$ 17,492
Net deferred tax asset current	$ 1,321	$ 1,666

Net deferred tax asset long term	$	12,916	$	15,826

The reconciliation of the federal statutory income tax rate to the Company s effective income tax rate is as follows:

	2007	2006	2005
Federal statutory rate	35.0%	35.0%	35.0%
State taxes net of federal benefit	3.3	(0.2)	3.5
Non-deductible portion of goodwill Impairment		(36.6)	
Other	0.9	(0.1)	0.2
Effective tax rate	39.2%	(1.9%)	38.7%

In 2007, 2006 and 2005, $0, $12 and $861, respectively, of windfall tax benefits attributable to employee stock exercises were allocated to shareholders equity.

The Company adopted FIN No. 48, Accounting for Uncertainty in Income Taxes effective January 1, 2007 that resulted in no material adjustment in the liability for unrecognized tax benefits. At December 31, 2007, the Company had $6,470 of unrecognized tax benefits. The Company classifies interest expense and penalties related to unrecognized tax benefits as income tax expense. The Company recorded $1,440 of interest expense in its Statement of Operations. The total amount of accrued interest and penalties on December 31, 2007 was $2,105.

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	Unrecognized Tax Benefits
Balance at January 1, 2007	$ 7,513
Additions for current year tax positions	
Additions for prior year tax positions	119
Settlements	(456)
Reductions related to expiration of statue of limitations	(706)
Balance at December 31, 2007	$ 6,470

The Company believes it is reasonably possible that a reduction in a range of $5,600 to $5,800 of unrecognized tax benefits may occur within the next 12 months as a result of projected audit settlements. Substantially, all of the Company s unrecognized tax benefits, if recognized, would affect the effective tax rate.

With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non U.S. income tax examinations by tax authorities for years before 2002. The tax years 2003 and forward remain open to examination by major taxing jurisdictions to which the Company is subject.

NOTE 11 Commitments and Contingencies:

The Company has various non-cancelable, long-term operating leases for office space and equipment. In addition, the Company is committed under various contractual agreements to pay for talent, broadcast rights, research, the CBS Radio Representation Agreement and the Management Agreement with CBS Radio. The approximate aggregate future minimum obligations under such operating leases and contractual agreements for the five years after December 31, 2007 and thereafter, are set forth below:

	Leases			
Year	Capital	Operating	Other	Total
2008	$ 960	$ 6,750	$ 106,583	$ 114,293
2009	960	6,794	53,546	61,300
2010	960	5,461	30,643	37,064
2011	640	5,008	21,955	27,603
2012	0	4,417	9,433	13,850
Thereafter	0	14,663	3,600	18,263
	$ 3,520	$ 43,093	$ 225,760	$ 272,373

The present value of net minimum payments under capital leases was $3,124 at December 31, 2007.

Rent expense charged to operations for 2007, 2006 and 2005 was $8,523, $9,295 and $8,957, respectively.

Included in Other in the table above is $72,648 of commitments due to CBS Radio and its affiliates pursuant to various agreements as described in Note 2 Related Party Transactions .

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The table does not include amounts payable to CBS Radio pursuant to the new agreement that became effective on March 3, 2008. If such amounts were included, the total contractual obligations would increase by $545,907.

NOTE 12 Supplemental Cash Flow and Other Information:

Supplemental information on cash flows, is summarized as follows:

	Year Ended December 31,		
	2007	2006	2005
Cash paid for:			
Interest	$ 24,239	$ 24,642	$ 17,134
Income Taxes	21,814	44,676	39,432

NOTE 13 Quarterly Results of Operations (unaudited):

The following is a tabulation of the unaudited quarterly results of operations. The quarterly results are presented for the years ended December 31, 2007 and 2006.

(In thousands, except per share data)

	First Quarter	**Second Quarter (2)**	**Third Quarter (2)**	**Fourth Quarter (2)**	**For the Year**
2007					
Net revenue	$ 113,959	$ 111,025	$ 108,083	$ 118,317	$ 451,384
Operating income	7,262	16,618	19,686	19,741	63,307
Net income	715	6,897	8,452	8,304	24,368
Net income per share:					
Basic					
Common stock	0.01	0.08	0.10	0.10	0.28
Class B Stock	0.02				0.02
Diluted					
Common stock	0.01	0.08	0.10	0.10	0.28
Class B Stock	0.02				0.02
2006					
Net revenue	$ 125,027	$ 134,461	$ 118,485	$ 134,112	$ 512,085
Operating (loss) income	(140)	26,717	23,836	(486,393)(1)	(435,980)
Net (loss) income	(3,527)	12,170	10,484	(488,580)	(469,453)
Net (loss) income per share:					
Basic					
Common stock	(0.04)	0.14	0.12	(5.68)	(5.46)
Class B Stock	0.08	0.08	0.08	0.02	0.26
Diluted					
Common stock	(0.04)	0.14	0.12	(5.68)	(5.46)
Class B Stock	0.08	0.08	0.08	0.02	0.26

(1) The Company recorded a goodwill impairment charge of $515,916 in the

fourth quarter of 2006.

(2) In the third quarter and second quarter of 2007, the Company recorded net adjustments of approximately $1,000 that had the effect of increasing net income and net adjustments of approximately $1,000 that had the effect of reducing net income, respectively. These adjustments were primarily comprised of the reversal of expense accruals offset by predominantly billing/revenue adjustments in the third quarter and overaccruals in the second quarter. In the fourth quarter, the Company recorded an adjustment of approximately $500 that had the effect of increasing net income related to an error in calculating the Company s health care

accrual. It had no impact on the full year results. The Company does not believe these adjustments are material to its Consolidated Financial Statements for the year ended December 31, 2007, any of the quarters in 2007 or any prior period s consolidated financial statements. As a result, the Company has not restated any prior period amounts.

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NOTE 14 Subsequent Events:

On March 3, 2008, the Company closed the transactions contemplated by the Master Agreement dated October 2, 2007 between the Company and CBS Radio. See Note 2 Related Party Transaction for a description of the Master Agreement and all warrants previously issued to CBS Radio were cancelled on that date.

On March 3, 2008, the Company announced the closing of the sale and issuance of 7,143 shares of Company Common stock to Gores Radio Holdings, LLC (together with certain related entities, Gores), an entity managed by The Gores Group, LLC, at a price of $1.75 per share for an aggregate purchase amount of $12.500. At the Company s option, Gores has agreed to purchase: (i) up to an additional 7,143 shares of common stock at $1.75 per share and (ii) between $50,000 and $75,000 of 7.5% Series A Convertible Preferred Stock with an initial conversion price of $3.00 per share and Warrants (issued in three tranches) to purchase up to 10,000 shares of Company Common stock, such Warrants to be exercisable at $5.00/share, $6.00/share and $7.00/share, respectively. The issuance of the Preferred Stock is subject to obtaining shareholder approval. On March 10, 2008, the Company notified Gores that it was exercising its option to issue and to sell Gores an additional 7,143 shares of Common stock at $1.75 per share (it is currently anticipated such sale will close on or before March 24, 2008).

On January 11, 2008 and February 25, 2008, the Company entered into Amendment No. 2 and Amendment No. 3, respectively (the Facility Amendments) to the Facility, dated as of March 3, 2004, between Westwood One, Inc., the Subsidiary Guarantors parties thereto, the Lenders parties thereto and JPMorgan Chase Bank, N.A., as Administrative Agent, as amended, restated or supplemented. Under the terms of the Facility Amendments and the Security Documents (as such term is defined in Amendment No. 2), the Company and each of its subsidiaries pledged and granted a security interest in all of such parties assets to the Collateral Trustee, for the benefit of the Lenders and the holders of the Company s Notes.

Most provisions of the Facility Amendments became effective on February 28, 2008, however, the CBS-related provisions became effective on March 3, 2008.

On February 28, 2008, the following changes to the Facility, among others, became effective (capitalized terms used below but not defined have the meaning set forth in the Facility):

- The Total Debt Ratio covenant will remain at 4.00 to 1 through February 28, 2009;
- the Revolving Credit Commitments were reduced from $125 million to $75 million;
- a Mandatory Prepayments covenant was added which provides that twenty percent (20%) of net cash proceeds from any Equity Issuance will be used to prepay the Loans outstanding under the Facility and upon payment in full of the Term Loans and the termination of the Term Loan Commitments, applied to permanently reduce the Revolving Credit Commitments;
- the general basket permitting the payment of dividends and stock repurchases in an amount of up to $36 million was eliminated from the Restricted Payments covenant; and
- the Company s ability to make: (i) $5 million in new Investments (not consisting of Company stock) in Unrestricted Subsidiaries; (ii) loans to officers and directors and (iii) purchases of capital stock of commercial radio businesses were each eliminated from the Investments, Loans and Advances covenant.

On March 3, 2008, the provision deeming termination of the Management Agreement an event of default and all references to Infinity, INI, the Management Agreement and Management Fees were deleted from the Credit Agreement.

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Amounts outstanding under the Facility will bear interest at a variable interest rate at a maximum of: (x) the prime rate plus an applicable margin of 0.75% or (y) LIBOR plus an applicable margin of 1.75%, at the Company s option. Except as expressly provided in the Credit Agreement Amendments, all provisions of the Facility remain unmodified and continue in full force and effect.

On February 28, 2008, the Company and the holders of the Notes entered into a First Amendment (First Amendment) to the Note Purchase Agreement, dated as of December 3, 2002, by and between the Company and the Noteholders. Capitalized terms used but not defined below have the meaning set forth in the First Amendment.

The First Amendment, among other things, added certain provisions to the Note Purchase Agreement relating to the grant of a security interest in the Collateral and to Amendment No. 2 to the Facility (described above). The First Amendment also eliminates the restriction on modifying the Management Agreement set forth in the Note Purchase Agreement.

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Schedule II Valuation and Qualifying Accounts
Allowance for Doubtful Accounts

	Balance at Beginning of Period	Additions Charged to Costs And Expenses	Deductions Write-offs and Other Adjustments	Balance at End of Period
2007	$ 4,387	$ 139	$ (924)	$ 3,602
2006	$ 2,797	$ 2,323	$ (733)	$ 4,387
2005	$ 2,566	$ 2,031	$ (1,800)	$ 2,797

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EXHIBIT INDEX

Exhibit No.	Description
31.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. +
31.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. +
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. ***
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. ***

+ Filed herewith.

*** Furnished herewith.