

CUMULUS MEDIA INC  
Form DEF 14A  
March 25, 2004

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**SCHEDULE 14A INFORMATION  
Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934**

Filed by the Registrant  x

Filed by a Party other than the Registrant  o

Check the appropriate box:

- o Preliminary Proxy Statement  o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

CUMULUS MEDIA INC.

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(Name of Registrant as Specified In Its Charter)  
N/A

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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**Cumulus Media Inc.**

**Annual Meeting of Stockholders**

**April 30, 2004**

**Notice of Meeting and Proxy Statement**

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**Cumulus Media Inc.**

**3535 Piedmont Road  
Building 14, Fourteenth Floor  
Atlanta, Georgia 30305**

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
to be held on April 30, 2004**

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To the Stockholders of Cumulus Media Inc.:

The 2004 Annual Meeting of Stockholders of Cumulus Media Inc., a Delaware corporation, sometimes referred to as the Company or Cumulus, will be held at our Nashville, Tennessee radio station facility, 10 Music Circle East, Nashville, Tennessee 37203, on April 30, 2004 at 10:00 a.m., local time, for the following purposes:

- (1) to re-elect Eric P. Robison as a Class II Director;
- (2) to approve the Company's 2004 Stock Incentive Plan;
- (3) to ratify the appointment of KPMG LLP as our independent auditors for 2004; and
- (4) to transact such other business as may properly come before the Annual Meeting or any postponement or adjournment thereof.

Only holders of record of Class A Common Stock or Class C Common Stock at the close of business on March 12, 2004 are entitled to notice of, and to vote at, the Annual Meeting or any postponement or adjournment thereof. A list of such stockholders will be open for examination by any stockholder at the time and place of the meeting.

**Holders of a majority of the outstanding shares of the Class A Common Stock and of the Class C Common Stock must be present in person or by proxy in order for the meeting to be held. Therefore, we urge you to date, sign and return the accompanying proxy card in the enclosed envelope whether or not you expect to attend the Annual Meeting in person. If you attend the meeting and wish to vote your shares personally, you may do so by validly revoking your proxy at any time prior to the voting thereof.**

Lewis W. Dickey, Jr.  
*Chairman, President and  
Chief Executive Officer*

March 25, 2004

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**Cumulus Media Inc.**

**3535 Piedmont Road  
Building 14, Fourteenth Floor  
Atlanta, Georgia 30305**

**March 25, 2004**

**PROXY STATEMENT**

**GENERAL MATTERS**

**Date, Time and Place for the Annual Meeting**

We are furnishing this proxy statement to the holders of our Class A Common Stock and our Class C Common Stock in connection with the solicitation of proxies by our Board of Directors for the Annual Meeting of Stockholders to be held on Friday, April 30, 2004 at 10:00 a.m., local time, at our Nashville, Tennessee radio station facility, 10 Music Circle East, Nashville, Tennessee 37203, or any adjournment or postponement of that meeting. This proxy statement and the accompanying proxy card are being sent to our stockholders commencing on or about March 25, 2004.

**Record Date; Quorum; Outstanding Common Stock Entitled to Vote**

All holders of record of our Class A Common Stock and of our Class C Common Stock at the close of business on March 12, 2004, referred to as the record date, are entitled to notice of, and to vote at, the Annual Meeting. The presence, in person or by proxy, of holders of a majority of the voting power represented by outstanding shares of our Class A Common Stock and Class C Common Stock, voting together as a single class, is required to constitute a quorum for the transaction of business. Abstentions and broker non-votes (*i.e.*, proxies from brokers or nominees indicating that such persons have not received instructions from the beneficial owners or other persons entitled to vote shares as to a matter with respect to which brokers or nominees do not have discretionary power to vote) will be treated as present for purposes of determining a quorum. A list of stockholders of record will be available for examination at the Annual Meeting. As of the record date, there were 54,005,670 shares of Class A Common Stock outstanding and 644,871 shares of Class C Common Stock outstanding.

**Voting Rights; Vote Required for Approval**

Holders of Class A Common Stock are entitled to one vote for each share of Class A Common Stock held as of the record date. Holders of Class C Common Stock are entitled to ten votes for each share of Class C Common Stock held as of the record date. Holders of shares of Class A Common Stock and of Class C Common Stock will vote together as a single class on the matters to be voted upon at the Annual Meeting. The Class II Director will be selected by a plurality of the votes cast and, as a result, abstentions, withheld votes and broker non-votes will have no effect on the outcome of the election of the Class II Director. The affirmative vote of a majority of the votes cast at the Annual Meeting is required to approve the 2004 Stock Incentive Plan and to ratify the appointment of our independent auditors for 2004. Abstentions, which will be counted for purposes of determining shares present and entitled to vote at the meeting, will have the effect of votes against the proposals to approve the 2004 Stock Incentive Plan and to ratify the appointment of independent auditors.

**Voting and Revocation of Proxies**

A proxy card for you to use in voting accompanies this proxy statement. Subject to the following sentence, all properly executed proxies that are received prior to, or at, the Annual Meeting and not revoked will be voted in the manner specified. If you execute and return a proxy card, and do not specify otherwise, the shares represented by your proxy will be voted **FOR** the individual nominated to serve as a Class II Director, **FOR** the proposal to approve the 2004 Stock Incentive Plan and **FOR** the proposal to ratify the appointment of KPMG LLP.

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If you have given a proxy pursuant to this solicitation, you may nonetheless revoke it by attending the meeting and voting in person. In addition, you may revoke any proxy you give at any time before the meeting by delivering a written statement revoking the proxy, or by delivering a duly executed proxy bearing a later date, to Richard S. Denning, Corporate Secretary, at our principal executive offices, 3535 Piedmont Road, Building 14, Fourteenth Floor, Atlanta, Georgia 30305, so that it is received prior to the meeting, or at the meeting itself. If you have executed and delivered a proxy to us, your attendance at the meeting will not, by itself, constitute a revocation of your proxy.

### **Solicitation of Proxies**

We will bear the cost of the solicitation of proxies. We will solicit proxies initially by mail. Further solicitation may be made by our directors, officers and employees personally, by telephone, facsimile, e-mail or otherwise, but they will not be compensated specifically for these services. Upon request, we will reimburse brokers, dealers, banks or similar entities acting as nominees for their reasonable expenses incurred in forwarding copies of the proxy materials to the beneficial owners of the shares of common stock they hold of record.

### **Other Matters**

Except for the votes on the proposals described in this proxy statement, no other matter is expected to come before the Annual Meeting. If any other business properly comes before the Annual Meeting, the persons named in the proxy will vote in their discretion to the extent permitted by law.

## **PROPOSALS YOU MAY VOTE ON**

### **1. Election of a Class II Director**

Our Board of Directors is divided into three classes, with the terms of office of the respective classes ending in successive years. Two directors are currently in the class for which the term of office expires at the Annual Meeting.

As described under **Members of the Board of Directors**, pursuant to a voting agreement with the holders of our Class C Common Stock, one of the Class II Directors, Robert H. Sheridan, III, has been designated to serve as a director by one of our principal stockholders, BA Capital Company, L.P., or BA Capital. The holders of our Class C Common Stock, voting as a single class, are obligated under the voting agreement to elect Mr. Sheridan to our Board. Lewis W. Dickey, Jr., the holder of all outstanding shares of our Class C Common Stock, has informed us that in accordance with the terms of the voting agreement, he intends to vote all of his shares of Class C Common Stock to re-elect Mr. Sheridan. The holders of our Class A Common Stock are not entitled to vote for the BA Capital director designee.

The other Class II Director, Eric P. Robison, has been nominated for re-election by our Board, upon the recommendation of a majority of our independent directors. Accordingly, our Board urges you to vote **FOR** the re-election of that nominee for Class II Director. The Class II Director will serve until the 2007 Annual Meeting of Stockholders or until he is succeeded by another qualified director who has been elected. No other class of directors has a term that expires this year.

Detailed information about Mr. Robison and Mr. Sheridan is provided in **Members of the Board of Directors** elsewhere in this proxy statement. The Board has no reason to believe that the nominees will be unable to serve as directors. If for any reason the nominees become unable to serve, the persons named in the proxy will vote for the election of such other persons as the Board may recommend.

**Your Board recommends a vote FOR the re-election of the nominee for Class II Director.**



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**2. Approval of the Company's 2004 Stock Incentive Plan**

The Board of Directors approved the 2004 Stock Incentive Plan, referred to as the 2004 Plan, on March 19, 2004, subject to approval by our stockholders, and urges you to vote **FOR** approval of the 2004 Plan. The purpose of the 2004 Plan is to attract and retain officers, key employees, non-employee directors and consultants for us and our subsidiaries and to provide such persons incentives and rewards for superior performance. The complete text of the 2004 Plan is set forth in *Appendix A*.

**The 2004 Plan**

The following summary of the material features of the 2004 Plan is qualified in its entirety by reference to *Appendix A*.

***Shares Available under the 2004 Plan***

The aggregate number of shares of Class A Common Stock subject to awards that may be granted under the 2004 Plan is 2,795,000. Awards under the 2004 Plan may be in the form of stock options, restricted stock or deferred stock. Of the aggregate number of shares of Class A Common Stock available under the 2004 Plan, up to 1,400,000 shares may be granted as incentive stock options, or ISOs, and up to 925,000 shares may be awarded as either restricted or deferred shares. In addition, no one person may receive options exercisable for more than 500,000 shares of Class A Common Stock in any one calendar year.

***2004 Plan Participants***

Under the 2004 Plan, current and prospective officers, employees, non-employee directors and consultants of Cumulus and its subsidiaries are eligible to participate, provided that such persons are selected by the Board to receive benefits under the 2004 Plan.

As of March 19, 2004, approximately 50 corporate-level officers and employees and non-employee directors and approximately 500 market-level officers and employees are eligible to participate in the 2004 Plan. The benefits or amounts that will be received by or allocated to the participants cannot be determined at this time, nor can the benefits or amounts that would have been received by or allocated to the participants if the 2004 Plan had been in effect for the last completed fiscal year.

***Type of Awards Under the 2004 Plan***

The 2004 Plan permits the Board to grant nonqualified stock options and ISOs, or combinations thereof. ISOs may only be granted to participants in the 2004 Plan who meet the definition of employees under Federal tax law. No option grant may be exercisable more than ten years from the date of the grant. The exercise price of an option awarded under the 2004 Plan may not be less than the closing price of the Class A Common Stock on the last trading day before the grant. Options will be exercisable during the period specified in each award agreement and will be exercisable in installments pursuant to a Board-designated vesting schedule. The Board may also provide for acceleration of options awarded in the event of a change in control, as defined by the 2004 Plan.

The Board may also authorize the grant or sale of restricted stock to participants. Each such grant will constitute an immediate transfer of the ownership of the restricted shares to the participant, entitling the participant to voting, dividend and other ownership rights, but subject to substantial risk of forfeiture for a period of not less than two years (to be determined by the Board at the time of the grant) and restrictions on transfer (to be determined by the Board at the time of the grant). The Board may also provide for the elimination of restrictions in the event of a change in control.

Finally, the Board may authorize the grant or sale of deferred stock to participants. Awards of deferred stock constitute an agreement we make to deliver shares of our Class A Common Stock to the participant in the future, in consideration of the performance of services, but subject to the fulfillment of such conditions during the deferral period as the Board may specify. The grants or sales of deferred stock will be subject to a deferral period of at least one year. During the deferral period, the participant will have no right to transfer any

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rights under the award and will have no rights of ownership in the deferred shares, including no right to vote such shares, though the Board may authorize the payment of any dividend equivalents on the shares. The Board may also provide for the elimination of the deferral period in the event of a change in control.

No grant (of any type) may be awarded under the 2004 Plan more than ten years after the date the 2004 Plan is first approved by our stockholders.

**Administration of the 2004 Plan**

The 2004 Plan will be administered by the Board, which may from time to time delegate all or any part of its authority under the 2004 Plan to the Compensation Committee of the Board. The interpretation and construction by the Board of any provision of the 2004 Plan and any determination of the Board pursuant to any provision of the Plan will be final and conclusive.

The Board may at any time amend the 2004 Plan, provided, however, that any amendment that must be approved by our stockholders in order to comply with applicable law or the listing qualifications of the NASDAQ National Market will not be effective until such approval has been obtained.

**Equity Compensation Plan Information**

The following table sets forth, as of December 31, 2003, the number of securities outstanding under our existing equity compensation plans, the weighted average exercise price of such securities and the number of securities available for grant under these plans:

Plan Category	Number of Shares to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Shares Remaining Available for Future Issuance Under Equity Compensation Plans (excluding column (a))
	(a)	(b)	(c)
Equity Compensation Plans Approved by Stockholders	7,187,497	\$ 13.30	258,663
Equity Compensation Plans Not Approved by Stockholders	1,850,095	\$ 15.29	138,647
Total	7,996,190		397,310

The only existing equity compensation plan not approved by our stockholders is the 2002 Stock Incentive Plan. The Board adopted the 2002 Stock Incentive Plan on March 1, 2002. The purpose of the 2002 Stock Incentive Plan is to attract and retain certain selected officers, key employees, non-employee directors and consultants whose skills and talents are important to the Company's operations and reward them for making major contributions to the success of the Company. The aggregate number of shares of Class A Common Stock subject to the 2002 Stock Incentive Plan is 2,000,000, all of which may be granted as incentive stock options. In addition, no one person may receive options for more than 500,000 shares of Class A Common Stock in any one calendar year.

The 2002 Stock Incentive Plan permits the Company to grant nonqualified stock options and ISOs. No options may be granted under the 2002 Stock Incentive Plan after May 3, 2012.

The Compensation Committee administers the 2002 Stock Incentive Plan. The Compensation Committee has full and exclusive power to interpret the 2002 Stock Incentive Plan and to adopt rules, regulations and guidelines for carrying out the 2002 Stock Incentive Plan as it may deem necessary or proper.

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Under the 2002 Stock Incentive Plan, current and prospective employees, non-employee directors, consultants or other persons who provide services to the Company are eligible to participate. As of December 31, 2003, there were outstanding options to purchase a total of 1,850,095 shares of Class A Common Stock at exercise prices ranging from \$14.03 to \$19.25 per share under the 2002 Stock Incentive

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Plan. These options generally vest quarterly over four years, with the possible acceleration of vesting for some options if certain performance criteria are met. In addition, all options vest upon a change of control as more fully described in the 2002 Stock Incentive Plan.

**Your Board recommends a vote FOR approval of the 2004 Plan.**

**3. Ratification of the Appointment of KPMG LLP as Independent Auditors**

The Audit Committee of the Board is required by law and applicable listing standards of the NASDAQ National Market to be directly responsible for the appointment, compensation and retention of our independent auditors. The Audit Committee has selected KPMG LLP as our independent auditors for the fiscal year ending December 31, 2004, and urges you to vote **FOR** ratification of the appointment. KPMG has served as our independent auditors since May 5, 2000. While stockholder ratification of the selection of KPMG LLP as our independent auditors is not required by our by-laws or otherwise, the Board is submitting the selection of KPMG LLP to our stockholders for ratification. If our stockholders fail to ratify the selection, the Audit Committee may, but is not required to, reconsider whether to retain that firm. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent auditing firm at any time during the year if it determines that such a change would be in the best interests of the Company and our stockholders.

**Auditor Fees and Services**

*Audit Fees*

KPMG LLP has billed us \$549,749, in the aggregate, for professional services rendered by KPMG LLP for the audit of our annual financial statements for the fiscal year ended December 31, 2003 and reviews of the interim financial statements included in our quarterly reports on Form 10-Q filed during the fiscal year ended December 31, 2003. For similar services rendered during the fiscal year ended December 31, 2002, KPMG LLP billed us \$728,330.

*Audit Related Fees*

KPMG LLP has billed us \$16,000, in the aggregate, for professional services rendered by KPMG LLP for the audit of our 401(k) plan during 2003. For similar services during 2002, KPMG LLP billed us \$14,500.

*Tax Fees*

KPMG LLP has billed us \$237,572, in the aggregate, for tax consulting and tax return preparation services during 2003. For similar services during 2002, KPMG LLP billed us \$310,980.

*All Other Fees*

Other than those described above, KPMG LLP has not rendered or billed for any other services during the fiscal years ended December 31, 2003 and December 31, 2002.

*Policy on Pre-Approval of Services Performed by Independent Auditors*

The policy of the Audit Committee is to pre-approve all audit and permissible non-audit services to be performed by the independent auditors during the fiscal year. The Audit Committee regularly considers all non-audit fees when reviewing the independence of our independent auditors.

Representatives of KPMG LLP will be present at the Annual Meeting to make any statement they may desire and to respond to appropriate questions from stockholders.

**Your Board recommends a vote FOR the ratification of KPMG LLP as the Company's independent auditors.**



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**INFORMATION ABOUT THE BOARD OF DIRECTORS**

The Board of Directors held four regularly scheduled meetings during 2003. Each director attended at least 75% of the meetings of the Board and the committees on which they served.

The Board has reviewed the independence of each of its members and has determined that all directors (except for our Chairman, Mr. L. Dickey, who also is our President and Chief Executive Officer) are independent, as such term is defined under the current listing standards of the NASDAQ National Market (the NASDAQ Rules).

It is primarily the Board's responsibility to oversee the management of our business. To assist in carrying out this responsibility, the Board has established the two standing committees described below.

**Committees of the Board**

*The Audit Committee.* The purposes of the Audit Committee are to assist our Board in fulfilling its oversight responsibilities with respect to our accounting, reporting and oversight practices, our compliance with legal and regulatory requirements, our independent auditors qualifications and independence, and the performance of our independent auditors and our own internal audit function. The Audit Committee is responsible for overseeing our accounting and financial reporting processes and the audits of our financial statements on behalf of our Board. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of our independent auditors (including resolution of any disagreements between our management and independent auditors regarding financial reporting), and such independent auditors report directly to the Audit Committee.

The Audit Committee met four times in 2003. The current members of the Audit Committee are Robert H. Sheridan, III (Chairman), Ralph B. Everett and Eric P. Robison, none of whom is an employee of the Company. The Board has determined that each Audit Committee member is independent, as such term is defined under the rules of the SEC and the NASDAQ Rules applicable to audit committee members, and meets the NASDAQ Rules financial literacy requirements. None of the current members has participated in the preparation of the financial statements of Cumulus or its subsidiaries at any time during the past three years. Our Board has determined that Mr. Sheridan (i) is an audit committee financial expert, as such term is defined under the rules of the SEC, and (ii) meets the NASDAQ Rules professional experience requirements.

The Audit Committee operates pursuant to a written charter, which complies with the applicable provisions of the Sarbanes-Oxley Act of 2002 and the related rules of the SEC, and the NASDAQ Rules. A copy of the Audit Committee Charter is attached as *Appendix B* to this proxy statement.

*The Compensation Committee.* The Compensation Committee oversees the determination of all matters relating to employee compensation and benefits and specifically reviews and approves salaries, bonuses and stock-based compensation for the named executive officers. The Compensation Committee met one time in 2003. The current members of the Compensation Committee are Messrs. Robison (Chairman) and Sheridan, and Holcombe T. Green, Jr., each of whom is independent, as such term is defined under the NASDAQ Rules.

**Nomination Process**

The Board does not have a standing nominating committee. Nominations for the election of directors at annual meetings have generally been made by the full Board (and the director nominated for re-election at the Annual Meeting has been recommended for nomination by all of our independent directors). Due to the small size of our Board, and the historically small turnover of its members, we do not currently foresee the need to establish a separate nominating committee or adopt a charter to govern the nomination process. Similarly, we do not have a formal process for identifying and evaluating nominees for director. Generally, director candidates have been first identified by evaluating the current members of the Board whose term will be expiring at the next annual meeting and who are willing to continue in service. If a member whose term is expiring no longer wishes to continue in service, or if our Board decides not to re-nominate such member, the

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Board would then commence a search for qualified individuals meeting the criteria discussed below. Research may also be performed to identify qualified individuals. To date, we have not engaged third parties to identify or evaluate, or assist in identifying or evaluating, potential director nominees. In accordance with the NASDAQ Rules, future nominees for director (other than the BA Capital director designee) will either be (i) recommended by a majority of the independent directors for selection by the Board or (ii) discussed by the full Board and approved for nomination by the affirmative vote of a majority of the Board, including the affirmative vote of a majority of the independent directors.

Historically, we have not had a formal policy with regard to the consideration of director candidates recommended by our stockholders. To date, our Board has not received any recommendations from stockholders requesting that it consider a candidate for inclusion among the Board's slate of nominees in our proxy statement, other than pursuant to BA Capital's right to designate one director, as described under "Members of the Board of Directors." The absence of such a policy does not mean, however, that a recommendation would not have been considered had one been received, or will not be considered, if one is received in the future. Our Board will give consideration to the circumstances in which the adoption of a formal policy would be appropriate.

Our Board evaluates all candidates based upon, among other factors, a candidate's financial literacy, knowledge of our industry or other background relevant to our needs, status as a stakeholder, independence (for purposes of compliance with the rules of the SEC and the NASDAQ Rules), and willingness, ability and availability for service. Other than the foregoing, there are no stated minimum criteria for director nominees, although our Board may also consider such other factors as it may deem are in the best interests of the Company and our stockholders.

Our by-laws provide for stockholder nominations to our Board, subject to certain procedural requirements. To nominate a director to our Board, you must give timely notice of your nomination in writing to our Corporate Secretary, not later than 90 days prior to the anniversary date of the annual meeting of stockholders in the preceding year. All such notices must include (1) your name and address, (2) a representation that you are one of our stockholders, and will remain so through the record date for the upcoming Annual Meeting, (3) the class and number of shares of our common stock that you hold (beneficially and of record), and (4) a representation that you intend to appear in person or by proxy at the upcoming Annual Meeting to make the nomination. You must also provide information on your prospective nominee, including their name, address and principal occupation or employment, a description of all arrangements or understandings between you and your prospective nominee and any other persons (to be named), the written consent of the prospective nominee, and such other information as would be required to be included in a proxy statement soliciting proxies for the election of your prospective nominee.

**MEMBERS OF THE BOARD OF DIRECTORS**

**Class II Directors Nominated for Re-Election to Serve until the 2007 Annual Meeting**

*Eric P. Robison*, age 44, has served as a director of the Company since August 1999. Mr. Robison is the President of IdeaTrek, Inc., a company that provides business consulting services. From 1994 to 2002, Mr. Robison worked for Vulcan Inc., the holding company that manages all personal and business interests for investor Paul G. Allen, as Vice President, Business Development, managing various projects and investigating investment opportunities. Mr. Robison currently serves as a Director of CNET Media Networks, Inc.

*Robert H. Sheridan, III*, age 41, has served as a director of the Company since July 1998. Mr. Sheridan served as a member of the Investment Committee of Cumulus Media, LLC, our predecessor entity, from April 1997 until its dissolution in June 1998. Mr. Sheridan has served as a Senior Vice President and Managing Director of Banc of America Capital Investors, or BACI, the principal investment group within Bank of America Corporation since January 1998, and is a Senior Vice President and Managing Director of BA Capital, which was formerly known as NationsBanc Capital Corp. He was a Director of NationsBank Capital Investors, the predecessor of BACI, from January 1996 to January 1998. Mr. Sheridan currently serves as a director of several privately held companies.

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Pursuant to our certificate of incorporation and a voting agreement entered into by Cumulus, BA Capital (through its predecessor entity) and the holders of our Class C Common Stock (referred to as Class C Stockholders), the Class C Stockholders have the right, voting as a single class, to elect one director to our Board (the Class C Director), and the Class C Stockholders are obligated to elect a person designated by BA Capital to serve as such director. The Class C Stockholders' right to elect the Class C Director, and BA Capital's right to designate the person to serve as that director, shall continue for such time as BA Capital, together with its affiliates, continues to own at least 50% of the number of shares of our common stock as BA Capital held on June 30, 1998 (referred to as the Applicable Period). Upon the termination of the Applicable Period, the term of the Class C Director, and the right of the Class C Stockholders to elect the Class C Director, shall terminate. Mr. Sheridan has served as BA Capital's designee since July 1998.

### **Class I Directors with a Term Expiring at the 2006 Annual Meeting**

*Ralph B. Everett*, age 52, has served as a director of the Company since July 1998. Mr. Everett has been a partner with the Washington, D.C. office of the law firm of Paul, Hastings, Janofsky & Walker LLP, where he heads the firm's Federal Legislative Practice Group, since October 1989. In 1998, Mr. Everett was appointed by President Clinton as United States Ambassador to the 1998 International Telecommunication Union Plenipotentiary Conference. He is a director and a member of the Investment Committee of Shenandoah Life Insurance Company. He is also a member of the Board of Visitors of Duke University Law School. Mr. Everett's term as a director expires in 2006.

*Holcombe T. Green, Jr.*, age 64, has served as a director of the Company since May 2001. Mr. Green is currently a private investor. He served as the Chairman and Chief Executive Officer of WestPoint Stevens, Inc. from 1992 to 2003. Mr. Green is also the founder and principal of Green Capital Investors, L.P., a private investment partnership, and certain other affiliated partnerships.

### **Class III Director with a Term Expiring at the 2005 Annual Meeting**

*Lewis W. Dickey, Jr.*, age 42, has served as our Chairman, President and Chief Executive Officer since December 2000, and as a Director since March 1998. Mr. L. Dickey was a founder and an initial investor in the Company, and served as Executive Vice Chairman from March 1998 to December 2000. Mr. Dickey is the founder and was the President of Stratford Research, Inc., or Stratford, from September 1985 to March 1998 and own 25% of the outstanding capital stock of Stratford. Stratford is a strategy consulting and market research firm advising radio and television broadcasters as well as other media related industries. Mr. L. Dickey is a nationally regarded consultant on radio strategy and the author of *The Franchise-Building Radio Brands*, published by the National Association of Broadcasters, one of the industry's leading texts on competition and strategy. He holds Bachelor of Arts and Master of Arts degrees from Stanford University and a Master of Business Administration degree from Harvard University. He is the brother of John W. Dickey, our Executive Vice President. Mr. L. Dickey's term as a director expires in 2005.

## **STOCKHOLDER COMMUNICATION WITH THE BOARD OF DIRECTORS**

We do not have a formal procedure for stockholder communication with our Board. Any matter intended for the Board, or for any individual member or members of our Board, should be directed to Richard S. Denning, Corporate Secretary, at our principal executive offices, with a request to forward the same to the intended recipient. In the alternative, stockholders may direct correspondence to our Board to the attention of the chairman of the Audit Committee of the Board, in care of Richard S. Denning, Corporate Secretary, at our principal executive offices. All such communications will be forwarded unopened.

We do not have a formal policy regarding attendance by directors at our annual meetings, but we encourage all incumbent directors, as well as all nominees for election as director, to attend the Annual Meeting. All incumbent directors and nominees attended the annual meeting in May 2003.



**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table lists information concerning the beneficial ownership of our common stock as of February 16, 2004 (unless otherwise noted) by (i) each of our directors and named executive officers and their affiliates, (ii) all of our directors and executive officers as a group, and (iii) each person known to us to own beneficially more than 5% of any class of our common stock.

Name of Stockholder	Class A Common Stock(1)		Class B Common Stock(1)		Class C Common Stock(1)(2)		Percentage of Voting Control
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage	
BancAmerica Capital Investors SBIC I, LP(3)			9,650,763	83.0%			
B.A. Capital Company, L.P.(3)	930,123	1.7%	1,979,996	17.0%			1.5%
FMR Corp.(4)	4,299,100	8.0%					7.1%
Lewis W. Dickey, Jr.(5)	2,562,444	4.6%			2,145,561	100.0%	31.3%
John W. Dickey(6)	2,403,741	4.4%					3.9%
Martin R. Gausvik(7)	648,698	1.2%					1.1%
John G. Pinch(8)	279,090	*					*
Robert H. Sheridan, III(9)	34,999	*					*
Ralph B. Everett(10)	114,370	*					*
Eric P. Robison(10)	106,778	*					*
Holcombe T. Green, Jr.(10)	50,310	*					*
All directors and executive officers as a group (8 persons)	6,200,430	10.8%			2,145,561	100.0%	35.2%

\* Indicates less than one percent.

- (1) Except upon the occurrence of certain events, holders of Class B Common Stock are not entitled to vote, whereas each share of Class A Common Stock entitles its holder to one vote and, subject to certain exceptions, each share of Class C Common Stock entitles its holders to ten votes. The Class B Common Stock is convertible at any time, or from time to time, at the option of the holder of the Class B Common Stock (provided that the prior consent of any governmental authority required to make the conversion lawful has been obtained) without cost to such holder (except any transfer taxes that may be payable if certificates are to be issued in a name other than that in which the certificate surrendered is registered), into Class A Common Stock or Class C Common Stock on a share-for-share basis; provided that the Board has determined that the holder of Class A Common Stock at the time of conversion would not disqualify us under, or violate, any rules and regulations of the FCC.
- (2) Subject to certain exceptions, each share of Class C Common Stock entitles its holders to ten votes. The Class C Common Stock is convertible at any time, or from time to time, at the option of the holder of the Class C Common Stock (provided that the prior consent of any governmental authority required to make such conversion lawful has been obtained) without cost to such holder (except any transfer taxes that may be payable if certificates are to be issued in a name other than that in which the certificate surrendered is registered), into Class A Common Stock on a share-for-share basis; provided that the Board has determined that the holder of Class A Common Stock at the time of conversion would not disqualify us under, or violate, any rules and regulations of the FCC. In the event of the death of Mr. L. Dickey or in the event he becomes disabled and, as a result, terminates his employment, each share of Class C Common Stock held by Mr. L. Dickey, or any party related to or affiliated with him, will be automatically be converted into one share of Class A Common Stock.
- (3) The address of BA Capital Company, L.P. and BancAmerica Capital Investors, SBIC I, LP is 100 North Tryon Street, Floor 25, Bank of America Corporate Center, Charlotte, North Carolina 28255. Includes options to purchase 89,873 shares of Class A Common Stock granted to BA Capital Company, L.P. in connection with its designation of a member to serve on the Board and exercisable within 60 days. This information is based on a Schedule 13 D/ A filed on April 8, 2003.

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- (4) The address of FMR Corp. is 82 Devonshire Street, Boston, Massachusetts 02109. This information is based on a Schedule 13G filed on February 16, 2004.
- (5) Represents beneficial ownership attributable to Mr. L. Dickey as a result of his direct ownership of 1,282,449 shares of Class A Common Stock and 644,871 shares of Class C Common Stock, and his controlling interest in DBBC, LLC, which currently holds 10,000 shares of Class A Common Stock. Also includes options to purchase 1,279,995 shares of Class A Common Stock and 1,500,690 shares of Class C Common Stock granted to Mr. Dickey and exercisable within 60 days. Mr. L. Dickey disclaims beneficial ownership of shares owned by DBBC, LLC except to the extent of his pecuniary interest therein.
- (6) Represents beneficial ownership attributable to Mr. J. Dickey as a result of his direct ownership of 1,580,579 shares of Class A Common Stock and options to purchase 823,162 shares of Class A Common Stock exercisable within 60 days.
- (7) Represents beneficial ownership attributable to Mr. Gausvik as a result of his direct ownership of 11,201 shares of Class A Common Stock and options to purchase 637,497 shares of Class A Common Stock exercisable within 60 days.
- (8) Represents beneficial ownership attributable to Mr. Pinch as a result of his direct ownership of 77,574 shares of Class A Common Stock and options to purchase 201,516 shares of Class A Common Stock exercisable within 60 days.
- (9) Includes options to purchase 34,999 shares of Class A Common Stock exercisable within 60 days granted to Mr. Sheridan. Does not reflect any shares owned by BancAmerica Capital Investors SBIC I, LP or by BA Capital Company, L.P. Mr. Sheridan is a Senior Vice President and Managing Director of each of BancAmerica Capital Investors SBIC I, LP and BA Capital Company, L.P. and a Managing Director of Bank of America Capital Investors, one of the principal investment groups within Bank of America Corporation. As BA Capital's designee to the Board, Mr. Sheridan disclaims beneficial ownership of the options except to the extent of his pecuniary interest therein.
- (10) Includes options to purchase 112,370 shares of Class A Common Stock exercisable within 60 days granted to Mr. Everett, 106,778 shares of Class A Common Stock exercisable within 60 days granted to Mr. Robison and 50,310 shares of Class A Common Stock exercisable within 60 days granted to Mr. Green.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Pursuant to Section 16(a) of the Securities Exchange Act of 1934, as amended, our directors and executive officers, and any persons who beneficially own more than 10% of our common stock, are required to file initial reports of ownership and reports of changes in ownership with the Securities and Exchange Commission. Based solely upon our review of copies of such reports for our 2003 fiscal year, and written representations from our directors and executive officers, we believe that our directors and executive officers, and beneficial owners of more than 10% of our common stock, have complied with all applicable filing requirements for our 2003 fiscal year.

**Table of Contents****EXECUTIVE COMPENSATION**

The following table sets forth, for the periods indicated, the compensation paid or accrued for services rendered to us in all capacities for the past three years for (i) each person who served as the chief executive officer during 2003, and (ii) each of the other executive officers of the Company employed as of December 31, 2003 and who earned in excess of \$100,000 during 2003, collectively referred to as the named executive officers.

**Summary Compensation Table**

Name and Principal Position	Year	Annual Compensation		Long-Term Compensation Awards	All Other Compensation(8)
		Salary	Bonus	Securities Underlying Options(#)	
Lewis W. Dickey, Jr.(1) Chairman, President and Chief Executive Officer	2003	\$ 577,496	\$ 288,750(5)	500,000	\$ 12,000
	2002	\$ 525,000	\$ 262,500(6)	500,000	\$ 12,000
	2001	\$ 423,252	\$ 207,688(7)	500,000	\$ 6,000
John G. Pinch(2) Executive Vice President And Chief Operating Officer	2003	\$ 425,000	\$ 85,000(5)		\$ 11,400
	2002	\$ 425,000	\$ 70,000(6)	100,000	\$ 11,150
	2001	\$ 425,000	\$ (7)	150,000	\$ 9,100
Martin R. Gausvik(3) Executive Vice President, Chief Financial Officer and Treasurer	2003	\$ 423,329	\$ 212,000(5)	150,000	\$ 15,000
	2002	\$ 389,583	\$ 195,000(6)	250,000	\$ 14,750
	2001	\$ 333,333	\$ 167,667(7)	250,000	\$ 14,625
John W. Dickey(4) Executive Vice President	2003	\$ 440,000	\$ 220,000(5)	200,000	\$ 12,000
	2002	\$ 400,000	\$ 200,000(6)	250,000	\$ 12,000
	2001	\$ 375,000	\$ 187,500(7)	250,000	\$ 12,000

- (1) From January 1, 2000 through March 16, 2000, Mr. L. Dickey was our Executive Vice Chairman. In June 2000, Mr. L. Dickey became our President and Chief Executive Officer, and effective December 23, 2000 he was appointed our Chairman, President and Chief Executive Officer.
- (2) Effective December 1, 2000, Mr. Pinch joined us as our Executive Vice President and Chief Operating Officer.
- (3) Effective May 29, 2000, Mr. Gausvik joined us as our Executive Vice President, Chief Financial Officer and Treasurer.
- (4) Effective June 2000, Mr. J. Dickey was named Executive Vice President of the Company. From January 2000 through June 2000, Mr. J. Dickey served as our Senior Vice President, Programming.
- (5) In February 2004, we awarded and paid Messrs. L. Dickey, J. Dickey, Pinch and Gausvik their respective bonuses for the fiscal year ended December 31, 2003. We consider the bonuses paid in fiscal year 2004 as being earned in fiscal year 2003.
- (6) In February 2003, we awarded and paid Messrs. L. Dickey, J. Dickey and Gausvik their respective bonuses for the fiscal year ended December 31, 2002. We consider the bonuses paid in fiscal year 2003 as being earned in fiscal year 2002.
- (7) In February 2002, we awarded and paid Messrs. L. Dickey, J. Dickey and Gausvik their respective bonuses for the fiscal year ended December 31, 2001. In accordance with the terms of his employment agreement, Mr. Pinch did not earn a bonus for the fiscal year ended December 31, 2001. We consider the bonuses paid in fiscal year 2002 as being earned in fiscal year 2001.

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- (8) During the fiscal year ended December 31, 2003, we paid automobile allowances of \$12,000, \$8,400, \$12,000 and \$12,000 to Messrs. L. Dickey, Pinch, Gausvik and J. Dickey, respectively. In addition, during the fiscal year ended December 31, 2003, we made \$3,000 in 401(k) matching contributions for each of Mr. Pinch and Mr. Gausvik.

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**Option Grants in Last Fiscal Year**

The following table sets forth information regarding grants of stock options made to the named executive officers during the 2003 fiscal year: