WESTWOOD ONE INC /DE/
Form PREM14C
September 06, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
SCHEDULE 14C
(Rule 14c-101)
INFORMATION STATEMENT PURSUANT TO SECTION 14(C) OF THE SECURITIES EXCHANGE ACT OF 1934

Check the appropriate box:

þ Preliminary information statement
o Confidential, for use of the Commission only (as permitted by Rule 14c-5(d)(2))
o Definitive information statement

WESTWOOD ONE, INC.
(Name of Registrant as Specified in Its Charter)

Payment of Filing Fee (Check the appropriate box):

o No fee required.

þ Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.

(1) Title of each class of securities to which transaction applies:

Class B Common Stock, par value $0.01 per share, and Series A Preferred Stock, par value $0.01 per share

(2) Aggregate number of securities to which transaction applies:

34,466,442 shares of Class B Common Stock and 15,060 shares of Series A Preferred Stock

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

Since no public market exists for the securities to be issued in this transaction, the per unit price of the securities has been estimated as follows: (i) for the Class B Common Stock, the per unit price is estimated to be $.435, which represents the book value per share of Registrant s common stock as of June 30, 2011; and (ii) for the Series A Preferred Stock, the per unit price is estimated to be $1,000, which represents the liquidation preference per share of Series A Preferred Stock. The calculation of the proposed maximum aggregate value of the transaction using these values yields approximately $30,052,903.

(4) Proposed maximum aggregate value of transaction:

$30,052,903

(5) Total fee paid:

$3,489.15

o Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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WESTWOOD ONE, INC.
1166 Avenue of the Americas, 10th Floor
New York, NY 10036
NOTICE OF ACTION BY WRITTEN CONSENT

[ ], 2011

To the Stockholders of Westwood One, Inc.:

You are receiving this notice because stockholders of Westwood One, Inc., a Delaware corporation, which we refer to as the *Company*, representing the requisite voting power thereof, have approved and adopted by written consent the following matters that are explained below and in the Information Statement:

The merger of Verge Media Companies, Inc., a Delaware corporation, which we refer to as *Verge*, with and into Radio Network Holdings, LLC, a Delaware limited liability company and direct, wholly-owned subsidiary of the Company, which we refer to as *Merger Sub*, pursuant to the Merger Agreement, dated as of July 30, 2011, a copy of which is attached hereto as Annex A and which we refer to as the *Merger Agreement*;

An Amended and Restated Certificate of Incorporation of the Company, a copy of which is attached hereto as Annex B-1 and two Certificates of Designation, Powers, Preferences and Rights, attached hereto as Annex B-2 and Annex B-3, respectively, which we collectively refer to as the *Restated Charter*, and which, among other things, reclassify the Company s common stock into Class A Common Stock, par value $0.01 per share, authorize a new class of common stock to be designated as Class B Common Stock, par value $0.01 per share, and designate two new series of preferred stock, Series A Preferred Stock and Series B Preferred Stock; and

The issuance of shares of Class B Common Stock and, if any, Series A Preferred Stock of the Company to Verge s stockholders pursuant to the Merger Agreement.

Under the rules of the Securities and Exchange Commission, the corporate actions that are described above may be effected no earlier than twenty (20) business days after we have provided this notice and mailed our Information Statement relating to the matters described above to our stockholders.

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Overview of the Merger

On July 30, 2011, the Company, Merger Sub and Verge entered into the Merger Agreement pursuant to which Verge will merge with and into Merger Sub, which we refer to as the *Merger*, with Merger Sub surviving as a direct, wholly-owned subsidiary of the Company. In the Merger, Verge s stockholders will be entitled to receive 6.884183 common shares of the Company for each common share of Verge held by them. This exchange ratio was adjusted from the 6.90453 number included in the Merger Agreement following the execution of the Merger Agreement due to the expiration of certain stock options of the Company related to the sale of Metro Networks, Inc. and its subsidiaries, SmartRoute Systems, Inc. and TLAC, Inc. and the issuance of certain restricted stock units to our directors as is customary, and is subject to further adjustment as provided in the Merger Agreement. In addition, pursuant to the Merger Agreement, upon consummation of the Merger the Company will issue to stockholders of Verge a new series of preferred stock having an aggregate liquidation preference of $8,000,000, subject to adjustment upon the closing of the Merger based on the respective net debt amounts of the Company and Verge on the business day prior to the closing. Assuming the Merger had been consummated on June 30, 2011, on a pro forma basis giving effect to the respective net debt amounts of the Company and Verge as of such date, the Company would have issued to stockholders of Verge 15,060 shares of the new series of preferred stock having an aggregate liquidation preference of $15,060,000.

Following the closing of the Merger, based on the Company s and Verge s respective capitalizations as of July 30, 2011, and the exchange ratio of 6.884183, we estimate that current Company stockholders together with holders of outstanding options exercisable for Company common stock and restricted stock units will own approximately 41%, and current Verge stockholders will own approximately 59%, of the issued and outstanding shares of common stock of the combined company on a fully diluted basis.

Overview of the Recapitalization

Immediately prior to the Merger, the Company will file the Restated Charter which, among other things, (i) reclassifies the Company s existing common stock on a share-for-share basis into a new class of common stock to be designated as Class A Common Stock, par value $.01 per share, which we refer to as the *Reclassification*, (ii) authorizes a new class of common stock to be designated as Class B Common Stock, par value $.01 per share, which is to be issued to Verge s stockholders in the Merger, and (iii) designates two new series of preferred stock of the Company, Series A Preferred Stock and Series B Preferred Stock, which are senior to the common stock and may be issued in connection with the Merger under certain circumstances described herein. The Class A Common Stock and the Class B Common Stock will be identical except for certain class voting and approval rights (including with respect to election of directors) and, under certain circumstances, Class B Common Stock automatically converts into Class A Common Stock, as described in this Information Statement. We refer to the Reclassification, the other amendments to the Company s certificate of incorporation pursuant to the Restated Charter and certain amendments to the Company s Amended and Restated By-Laws as described in the Information Statement, as the *Recapitalization*.

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The Company s common shares are currently listed on the NASDAQ Global Market under the symbol WWON. Upon the closing of the Recapitalization and the Merger, the Company intends to continue to list its shares of Class A Common Stock on the NASDAQ Global Market and to change its stock symbol to DIAL. The shares of Class B Common Stock and Series A Preferred Stock will not be publicly listed or traded.

The Merger Agreement and the consummation of the transactions contemplated thereby, including the Merger and the Recapitalization, have been approved, as applicable, by the board of directors and the requisite stockholders of each of the Company and Verge, as well as by the Company, as sole member of Merger Sub.

Purpose of Information Statement

This Notice and the Information Statement are being furnished to you for your information to comply with the requirements of the Securities Exchange Act of 1934, as amended. Pursuant to Section 228(e) of the Delaware General Corporation Law, the Company previously sent to the Company s stockholders the required notice of corporate action without a meeting by less than unanimous consent of the Company s stockholders, covering the items to which holders of common stock of the Company, having not less than the minimum number of votes that would be necessary to authorize or take such action, consented to on July 30, 2011. You are urged to read the Information Statement carefully in its entirety. However, no action is required on your part in connection with this document and the related actions. No meeting of our stockholders will be held or proxies requested for these matters because they have already been consented to by holders of common stock of the Company, having not less than the minimum number of votes that would be necessary to authorize or take such action, acting by written consent in lieu of a meeting.

Important Notice Regarding the Availability of Information Statement Materials in connection with this Notice of Stockholder Action by Written Consent:

The Information Statement, including our current and periodic reports filed with the U.S. Securities and Exchange Commission and amendments to those reports, may be obtained through our website at www.westwoodone.com.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

Sincerely,

By the Order of the Board of Directors

David Hillman

General Counsel and Secretary

[ ], 2011

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Annex A	Agreement and Plan of Merger
Annex B-1	Amended and Restated Certificate of Incorporation
Annex B-2	Certificate of Designation, Powers, Preferences and Rights of Series A Preferred Stock of Westwood One, Inc.
Annex B-3	Certificate of Designation, Powers, Preferences and Rights of Series B Preferred Stock of Westwood One, Inc.
Annex C	First Amendment to Amended and Restated By-Laws
Annex D	Opinion of Financial Advisor to the Company
Annex E	Financial Statements of Verge as of December 31, 2010 and 2009 and for the Years Ended December 31, 2010, 2009 and 2008, and as of June 30, 2011 and for the Six Months Ended June 30, 2011

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1166 Avenue of the Americas, 10th Floor
New York, NY 10036
INFORMATION STATEMENT
PURSUANT TO SECTION 14(C)
OF THE SECURITIES EXCHANGE ACT OF 1934
AND RULE 14C-2 THEREUNDER
THIS IS NOT A NOTICE OF A SPECIAL MEETING OF STOCKHOLDERS AND NO STOCKHOLDER MEETING WILL BE HELD TO CONSIDER ANY MATTER DESCRIBED IN THIS INFORMATION STATEMENT. THE ACTIONS DESCRIBED IN THIS INFORMATION STATEMENT HAVE BEEN CONSENTED TO BY THE HOLDERS OF A MAJORITY IN VOTING POWER OF THE OUTSTANDING SHARES OF THE COMPANY S COMMON STOCK.
WE ARE NOT ASKING YOU FOR A PROXY OR CONSENT AND YOU ARE REQUESTED NOT TO SEND US A PROXY OR CONSENT.
THERE ARE NO APPRAISAL RIGHTS AVAILABLE TO HOLDERS OF COMMON STOCK WITH RESPECT TO THE ACTIONS DESCRIBED IN THIS INFORMATION STATEMENT.
Dated [ ], 2011

INTRODUCTION

On July 30, 2011, Westwood One, Inc., a Delaware corporation, which we refer to as the *Company*, *we*, *us* or *our*, Radio Network Holdings, LLC, a Delaware corporation and a direct, wholly-owned subsidiary of the Company, which we refer to as *Merger Sub*, and Verge Media Companies, Inc., a Delaware corporation, which we refer to as *Verge*, entered into a Merger Agreement, a copy of which is attached hereto as Annex A and which we refer to as the *Merger Agreement*, pursuant to which, among other things, (i) Verge will merge with and into Merger Sub, which we refer to as the *Merger*, with Merger Sub surviving as a direct, wholly-owned subsidiary of the Company and (ii) immediately prior to the Merger, the Company will file the Amended and Restated Certificate of Incorporation of the Company, a copy of which is attached hereto as Annex B-1 and two Certificates of Designation, Powers, Preferences and Rights, attached hereto as Annex B-2 and Annex B-3 respectively, which we collectively refer to as the *Restated Charter*, to effect the Reclassification and the other amendments to the Company s organizational documents described below and more fully in this Information Statement. Following the closing of the Merger, based on the Company s and Verge s respective capitalizations as of July 30, 2011, and the exchange ratio of 6.884183, we estimate that current Company stockholders together with holders of outstanding options exercisable for Company common stock and restricted stock units will own approximately 41%, and current Verge stockholders will own approximately 59%, of the issued and outstanding shares of common stock of the combined company on a fully diluted basis.

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The Merger Agreement and the consummation of the transactions contemplated thereby, including the Merger, the Recapitalization and the Parent Stock Issuance have been approved, as applicable, by the board of directors of each of the Company, which we refer to as the *Board*, and Verge, as well as by the Company, as sole member of Merger Sub, and by Gores Radio Holdings, LLC, which we refer to as *Gores*, as owner of 76.2% of the Company s issued and outstanding voting securities as of July 30, 2011.

The Company is sending this Information Statement to the holders of record at the close of business on August 31, 2011 of the Company s shares of common stock outstanding as of such date. This Information Statement is sent for the purpose of informing you, as one of our stockholders, in the manner required under Regulation 14(c) promulgated under the Securities Exchange Act of 1934, as amended, which we refer to as the *Exchange Act*, that the Board has approved, and Gores, as holder of a majority of the Company s issued and outstanding voting securities, as permitted by our Amended and Restated By-Laws, which we refer to as the *By-Laws*, and Section 228 of the Delaware General Corporation Law, which we refer to as the *DGCL*, has previously executed the Written Consent of Stockholders of Westwood One, Inc., which we refer to as the *Gores Written Consent*, with respect to the following actions:

- The adoption of the Merger Agreement and the approval of the Merger;
- The adoption and approval of the Restated Charter which, among other things, reclassifies the Company s common stock into Class A Common Stock, par value $0.01 per share, which we refer to as the *Reclassification*, authorizes a new class of common stock to be designated as Class B Common Stock, par value $0.01 per share, which, together with Class A Common Stock, we refer to as the *New Common Stock*, and designates two new series of preferred stock, Series A Preferred Stock and Series B Preferred Stock. We refer to the Reclassification, the other amendments to the Company s certificate of incorporation pursuant to the Restated Charter, and certain amendments to the By-Laws as described in this Information Statement, as the *Recapitalization*; and
- The approval of the issuance to Verge s stockholders in the Merger of shares of Class B Common Stock representing approximately 59% of the total issued and outstanding shares of common stock of the combined company on a fully diluted basis and shares of Series A Preferred Stock having an aggregate liquidation preference of $8,000,000, subject to adjustment upon the closing of the Merger based on the respective net debt amounts of the Company and Verge on the business day prior to the closing, which issuances we refer to as the *Parent Stock Issuance*.

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Under Section 228 of the DGCL, unless prohibited in a corporation s certificate of incorporation, any action required or permitted by the DGCL to be taken at an annual or special meeting of stockholders of a Delaware corporation may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Article 11 of the Company s current Amended and Restated Certificate of Incorporation allows for action by stockholders by written consent, without a meeting and without prior notice.

Under rules adopted by the U.S. Securities and Exchange Commission, which we refer to as the *SEC*, we are also providing access to the Information Statement over the Internet. The Information Statement, including our current and periodic reports filed with the SEC and amendments to those reports, may be obtained through our website at www.westwoodone.com. In addition, stockholders may request to receive future information statements or similar mailings in printed form by mail or electronically by email on an ongoing basis.

Under Section 262 of the DGCL, stockholders are not entitled to appraisal rights in connection with the Merger, the Recapitalization, the Parent Stock Issuance and related transactions.

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SUMMARY TERM SHEET

This summary highlights the material information in this Information Statement. To fully understand the proposed actions, and for a more complete description of the legal terms of the actions, you should carefully read this entire Information Statement, including the annexes and documents incorporated by reference herein, and the other documents to which the parties have referred you. For information on how to obtain the documents that are on file with the Securities and Exchange Commission, please see the section of this Information Statement entitled Where Stockholders Can Find More Information.

Parties to the Merger

The Company

Westwood One, Inc., is a provider of network radio programming, providing more than 5,000 radio stations with over 150 news, sports, music, talk and entertainment programs, features, live events and digital content. For more information about Westwood One, Inc., visit www.westwoodone.com.

The Company was incorporated on June 21, 1985, under the laws of the state of Delaware. The Company s shares of common stock are quoted on the NASDAQ Global Market under the ticker symbol WWON. The Company s principal executive offices are located at 1166 Avenue of the Americas, 10th Floor, New York, NY 10036, and its telephone number is (212) 641-2000.

Merger Sub

Radio Network Holdings, LLC is a direct, wholly-owned subsidiary of the Company and was formed solely for purposes of the Merger.

Merger Sub was formed on July 28, 2011, under the laws of the state of Delaware. Merger Sub s principal executive offices are located at 1166 Avenue of the Americas, 10th Floor, New York, NY 10036, and its telephone number is (212) 641-2000.

Verge

Verge Media Companies, Inc. is the ultimate parent company of all of the entities that will be acquired by the Company in the Merger. One of the entities the Company will acquire in the Merger is Dial Communications Global Media, LLC, which we refer to as *Dial Global*. Dial Global is a provider of national advertising sales representation to over 200 radio programs, services and networks on over 6,000 stations. In addition, Dial Global produces the Dial Global 24/7 Formats, as well as Prep Services, Jingles and Imaging as well as long and short form radio programs which it distributes to over 6,000 radio stations nationwide. For more information about Dial Global, visit www.dial-global.com.

Verge, a privately held company, was incorporated on February 24, 2009, under the laws of the state of Delaware. Verge s principal executive offices are located at 220 West 42nd Street, New York, NY 10036, and its telephone number is (212) 419-2900.

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The Merger

General Description

Pursuant to the Merger Agreement, Verge will merge with and into Merger Sub, a direct, wholly-owned subsidiary of the Company, with Merger Sub surviving as a direct, wholly-owned subsidiary of the Company succeeding to and assuming all of the rights, properties, liabilities and obligations of Verge.

Merger Consideration

Subject to the terms and conditions of the Merger Agreement, upon consummation of the Merger, Verge s stockholders will be entitled to receive 6.884183 shares of new Class B Common Stock of the Company for each common share of Verge held by them. This exchange ratio was adjusted from the 6.90453 number included in the Merger Agreement following the execution of the Merger Agreement due to the expiration of certain stock options of the Company related to the sale of Metro Networks, Inc. and its subsidiaries, SmartRoute Systems, Inc. and TLAC, Inc., which we collectively refer to as the *Metro Traffic Business*, and the issuance of certain restricted stock units to our directors as is customary, and is subject to further adjustment as provided in the Merger Agreement. In addition, pursuant to the Merger Agreement, upon consummation of the Merger the Company will issue to stockholders of Verge shares of Series A Preferred Stock of the Company having an aggregate liquidation preference of $8,000,000, subject to adjustment upon the closing of the Merger based on the respective net debt amounts of the Company and Verge on the business day prior to the closing. Assuming the Merger had been consummated on June 30, 2011, on a pro forma basis giving effect to the respective net debt amounts of the Company and Verge as of such date, the Company would have issued to stockholders of Verge 15,060 shares of Series A Preferred Stock having an aggregate liquidation preference of $15,060,000.

Following the closing of the Merger, based on the Company s and Verge s respective capitalizations as of July 30, 2011, and the exchange ratio of 6.884183, we estimate that current Company stockholders together with holders of outstanding options exercisable for Company common stock and restricted stock units will own approximately 41%, and current Verge stockholders will own approximately 59%, of the issued and outstanding shares of common stock of the combined company on a fully diluted basis.

The Recapitalization

General Description

Immediately prior to the Merger, the Company will file the Restated Charter, which, among other things, (i) authorizes two classes of common stock, par value $0.01 per share, to be designated as Class A Common Stock and Class B Common Stock, and (ii) designates two new series of preferred stock of the Company, Series A Preferred Stock and Series B Preferred Stock. We are also making certain amendments to our By-Laws which are summarized below.

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The Reclassification

Upon the effectiveness of the Restated Charter, each issued and outstanding share of Company common stock shall be reclassified and automatically converted into one share of Class A Common Stock without any further action on the part of the Company s stockholders.

Voting Rights and Directors

Each share of Class A Common Stock and Class B Common Stock will be entitled to one vote for all matters submitted to a vote of the Company s stockholders whether voting separately as a class or together as a single class, and will be identical in all respects except as described below and under *Automatic Conversion*.

Until the Board Trigger Date (defined below), the members of the board of directors of the combined company shall be determined as follows:

the holders of Class A Common Stock voting as a separate class will be entitled to elect three members to the board of directors of the combined company, which we refer to as the *Class A Directors*;

the Chief Executive Officer of the Company shall have the right to be nominated to the board of directors of the combined company and shall be elected by the holders of Class A Common Stock and Class B Common Stock voting together as a single class; and

the holders of Class B Common Stock voting as a separate class will be entitled to elect all other members of the board of directors of the combined company, which we refer to as the *Class B Directors*.

At least one Class A Director is required to be an Independent Director (as defined by NASDAQ Marketplace Rule 5605(a)(2) or any successor provision), and must be reasonably acceptable to a majority of the Class B Directors. At least two Class B Directors are required to be Independent Directors and must be reasonably acceptable to a majority of the Class A Directors.

Certain actions of the Company may not be taken without approval of a majority of the Class A Directors, the Class B Directors or all of the Independent Directors, as described below under *The Recapitalization Restated Charter*.

After the Board Trigger Date, the holders of the Class A Common Stock and the holders of the Class B Common Stock voting together as a single class will be entitled to elect all members of the board of directors of the combined company.

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The *Board Trigger Date* means the later of (x) the date that is 18 months following the effective date of the Restated Charter and (y) the date on which at least 35% of the outstanding shares of New Common Stock are freely tradable on the NASDAQ Stock Market or other national securities exchange.

Until the third anniversary of the effective date of the Restated Charter, the affirmative vote of the holders of Class A Common Stock shall be required to approve a sale of the Company, unless the price per share of Class A Common Stock in such sale exceeds $7.78 minus the per share amount of all cash dividends to holders of record after July 30, 2011 and prior to the date of such sale (subject, in each case, to adjustment based upon stock splits, stock dividends and transactions having similar effects).

Automatic Conversion

Class B Common Stock may be held only by Verge stockholders and their affiliates. As a result, each share of Class B Common Stock transferred to any other person will automatically convert to one share of Class A Common Stock.

In addition, each share of Class B Common Stock will automatically convert into one share of Class A Common Stock upon the later of (i) the third anniversary of the effective date of the Restated Charter and (ii) the date upon which both of the following conditions are satisfied: (x) at least 35% of the outstanding shares of New Common Stock are freely tradable on the NASDAQ Stock Market or other national securities exchange and (y) Verge s stockholders and their affiliates cease to own a majority of the outstanding shares of voting securities of the Company.

Series A Preferred Stock

As to dividends and distributions of assets upon liquidation, dissolution or winding up of the Company, the Series A Preferred Stock will rank senior over the New Common Stock and junior to the Series B Preferred Stock.

Each holder of the Series A Preferred Stock shall be entitled to receive dividends when, as and if declared by the board of directors of the combined company or a duly authorized committee thereof out of funds of the Company legally available therefor at an annual rate equal to (i) 9% per annum from and excluding the issue date through and including the second anniversary of the issue date, (ii) 12% per annum from the day immediately following the second anniversary of the issue date through and including the fourth anniversary of the issue date, and (iii) 15% per annum thereafter. Dividends shall be paid in cash and, to the extent not paid on March 15, June 15, September 15 or December 15 of any given year, shall accumulate and remain accumulated dividends until paid to the holders of the Series A Preferred Stock. No cash dividends shall in any instance be paid in the first year after the Series A Preferred Stock is issued, and the Company may further pay cash dividends to the New Common Stock and not on the Series A Preferred Stock during such first year notwithstanding the priority of the Series A Preferred Stock otherwise set forth in the Restated Charter.

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Following the first anniversary of the issue date, the Company may redeem the Series A Preferred Stock for cash at the Company s option. The redemption price as of any given date shall be equal to the liquidation preference of $1,000 per share, plus all dividends accumulated thereon and all accrued and unpaid dividends to the payment date.

The holders of the shares of the Series A Preferred Stock shall not have any right to convert such shares into or exchange such shares for any other class or series of stock or obligations of the Company.

Upon the liquidation, bankruptcy, dissolution or winding up of the Company, the holders of the shares of the Series A Preferred Stock shall be entitled to an amount of cash equal to the liquidation preference of $1,000 per share, plus all dividends accumulated thereon and all accrued and unpaid dividends to the payment date. A change of control will be considered a liquidation, dissolution or winding up of the Company.

The Series A Preferred Stock shall not have any voting powers, either general or special, except that the affirmative vote or consent of the holders of a majority of the outstanding shares of the Series A Preferred Stock will be required for any amendment of the Restated Charter if the amendment would specifically alter or change the powers, preferences or rights of the shares of the Series A Preferred Stock so as to affect them adversely.

Series B Preferred Stock

The terms of the Series B Preferred Stock are substantially the same as the terms of the Series A Preferred Stock described above, except:

As to dividends and distributions of assets upon liquidation, dissolution or winding up of the Company, the Series B Preferred Stock will rank senior over the New Common Stock and the Series A Preferred Stock.

Dividends on the Series B Preferred Stock shall accrue at an annual rate equal to (i) 15% per annum from and excluding the issue date through and including the third anniversary of the issue date and (ii) 17% per annum thereafter.

Amendment to the Amended and Restated By-Laws

The amendments to the By-Laws will provide as follows:

Nominations of persons to serve as directors of the board of directors of the combined company, the number of directors on the board of directors of the combined company (including the minimum number of independent directors), the length of service of each director on the board of directors of the combined company, and the filling of vacancies on the board of directors of the combined company must all be in compliance with the Restated Charter.

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Transfers of stock of the Company must also be in compliance with the Restated Charter.

Special meetings of the board of directors of the combined company may be called by any two directors and require 48 hours prior notice to the other directors.

Committees of the board of directors of the combined company must consist of at least one Class A Director and one Class B Director (for so long as there are Class B Directors).

The Company will be the indemnitor of first resort with respect to directors affiliated with Gores or Oaktree.

The board of directors of the combined company must have a minimum of three independent directors or a higher number if required by the SEC or the rules and regulations of the NASDAQ Stock Market or any other securities exchange or quotation system on which the Company s securities are listed or quoted for trading in the future and, in the case of a higher number so being required, the board of directors of the combined company will be expanded to allow for the appointment of any additional independent directors so required, and each such additional seat will be filled with an independent director appointed by a majority of the board of directors of the combined company and elected annually by the holders of New Common Stock, voting as a single class.

Any salaries paid to a director, or any other fees payable to directors for the attendance of meetings, must be approved by the board of directors of the combined company.

Until the Board Trigger Date:

- the By-Laws may not be amended in a manner contrary to the Restated Charter;
- without the consent of a majority of the Class A Directors, the By-Laws may not be amended in a manner that materially adversely affects the holders of Class A Common Stock in a disproportionate manner relative to holders of Class B Common Stock, or adversely affects the approval rights of the Class A Directors and holders of Class A Common Stock to approve a sale of the Company; and
- without the consent of a majority of the Class B Directors, the By-Laws may not be amended in a manner that materially adversely affects the holders of Class B Common Stock in a disproportionate manner relative to holders of Class A Common Stock, or adversely affects the approval rights of the Class B Directors.

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For more information about the Recapitalization, including a summary of the material differences between the rights of holders of our existing common stock and Class A Common Stock after the Recapitalization, see *The Recapitalization Restated Charter*, *Amendment to Amended and Restated Bylaws of the Company* and *Comparison of the Rights of Holders of Existing Common Stock and Class A Common Stock*.

The Merger Agreement

The Company and Verge have made certain customary representations and warranties to each other in the Merger Agreement.

The parties have agreed to use their respective reasonable best efforts to do all things necessary, proper or advisable to consummate the Merger, including obtaining all necessary approvals and consents, subject to certain limitations.

Completion of the Merger is subject to certain conditions, including, among others:

completion of approximately $265 million of debt financing for the transaction;

the expiration or early termination of the waiting period applicable to the Merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which we refer to as the *HSR Act*, and any required approvals thereunder, which early termination was granted on August 24, 2011;

receipt of certain other required regulatory approvals;

the absence of legal impediments to the Merger;

the absence of certain material adverse changes or events;

the accuracy of the other party s representations and warranties (subject to customary materiality qualifiers and other qualifying disclosures which are not necessarily reflected in the Merger Agreement);

there not being holders of more than 3% of the outstanding shares of Verge common stock that have demanded appraisal rights pursuant to the DGCL;

the effectiveness of the Recapitalization, including the Reclassification;

receipt of tax opinions; and

the execution and delivery by the parties and certain of their affiliates of various ancillary documents and agreements described below and more fully in this Information Statement.

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The Merger Agreement may be terminated by:

- mutual consent of the Company and Verge;
- the Company or Verge if the Merger has not been completed by October 28, 2011 (so long as the terminating party s failure to perform its obligations under the Merger Agreement is not the primary reason for the closing not having occurred by that date);
- the Company or Verge if the Merger has been permanently enjoined or declared illegal;
- the Company or Verge upon certain breaches of the Merger Agreement by the other party;
- the Company if holders of more than 3% of the outstanding shares of Verge common stock have demanded appraisal rights pursuant to the DGCL;
- the Company if it receives an unsolicited Superior Proposal (as defined in the Merger Agreement) on or before August 26, 2011 and, as a result, the Board believes it is required to terminate the Merger Agreement pursuant to its fiduciary duties, and subject to certain additional limitations; and
- Verge if the Board takes certain adverse actions, including changing its recommendation regarding approval of the Merger or approving or recommending an alternative transaction.

If the Merger Agreement is terminated pursuant to the circumstances described in the two immediately preceding bullets, which we refer to as the *Fiduciary Termination Provisions*, the Company will be required to pay Verge a termination fee of $5,625,000.

If the Merger is not consummated, the fees and expenses incurred by each party in connection with the Merger and related transactions shall be the sole responsibility of such incurring party, except that (a) the fees and expenses incurred by the parties in respect of such parties legal counsel after the date of execution of the Merger Agreement shall be split equally between the Company and Verge, (b) filing fees incurred in respect of filings under the HSR Act shall be split equally between the Company and Verge, and (c) the fees and expenses incurred by the parties in respect of the obtaining of the debt financing at any time (including prior to the date of execution of the Merger Agreement) shall be split equally between the Company and Verge.

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If the Merger is consummated, the combined company shall pay and/or reimburse the Company and Verge for all reasonable documented out-of-pocket fees and expenses incurred by the Company and Verge (including prior to the date of execution of the Merger Agreement), as applicable, in order to consummate the transactions contemplated by the Merger Agreement.

The Company agreed to deliver at the closing a number of shares of Series A Preferred Stock with a liquidation preference equal to $8,000,000 to the holders of Verge common stock, subject to adjustment upon the closing of the Merger based on the respective net debt amounts of the Company and Verge on the business day prior to the closing. If such adjustment results in a negative value, the Company shall not deliver the shares of Series A Preferred Stock and the exchange ratio shall be adjusted as described under *The Merger Agreement Delivery of Series A Preferred Stock; Net Debt Adjustment*.

On the business day immediately preceding the closing, the Company shall declare a dividend (payable to record holders of Company common stock as of such date) equal to the excess, if any, of (a) $47,901,155, over (b) the aggregate net indebtedness of the Company and its subsidiaries as of the close of business on the business day immediately prior to the closing, as calculated in accordance with the Merger Agreement.

For more information about the terms of the Merger Agreement, see *The Merger Agreement*.

Determination and Recommendation of the Board of Directors

On July 30, 2011, the Board determined that the Merger, the Recapitalization, the Parent Stock Issuance and related transactions were advisable, fair to and in the best interests of the Company s stockholders (other than The Gores Group LLC, its portfolio companies and all affiliates thereof, which we refer to as the *Excluded Gores Parties*) and recommended that the Company s stockholders vote to approve such transactions. Among the reasons for recommending the Merger was the Board s belief that the combined company will have substantial synergy potential in the near term. To review the Board s reasons for approving such transactions and recommending that our stockholders vote to approve such transactions, see *The Merger Reasons for the Merger*.

Opinion of Financial Advisor to the Company

Berenson & Company, LLC, which we refer to as *Berenson*, served as the financial advisor to the audit committee of the Board, which we refer to as the *Audit Committee*, and the Board in connection with the Merger. On July 30, 2011, Berenson rendered to the Audit Committee and the Board its opinion, which we refer to as the *Berenson Opinion*, to the effect that, as of that date and based upon and subject to the various considerations and assumptions set forth therein, the exchange ratio pursuant to the Merger Agreement (taking into account the potential issuance of Series A Preferred Stock pursuant to the Merger Agreement based on the assumptions referenced in such opinion) was fair from a financial point of view to the holders of the Company s common stock (other than the Excluded Gores Parties).

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The full text of the Berenson Opinion, which sets forth the assumptions made, matters considered, and limitations on the scope of review undertaken by Berenson in rendering its opinion, is attached to this Information Statement as Annex D. Berenson provided its opinion for the information and assistance of the Audit Committee and the Board in connection with their consideration of the Merger. The Berenson Opinion is limited solely to the fairness, from a financial point of view, of the exchange ratio set forth in the Merger Agreement to the holders of the Company s common stock (other than the Excluded Gores Parties) as of the date of the opinion and does not constitute a recommendation to any stockholder of the Company as to how such stockholder should vote with respect to the Merger, the Recapitalization, the Parent Stock Issuance or any other matter. In addition, Berenson was not requested to opine as to, and its opinion does not in any manner address, the Company s underlying business decision to effect the Merger and Recapitalization or the relative merits of the Merger and the Recapitalization as compared to any alternative business strategies or transactions that might be available to the Company. The Company encourages the Company s stockholders to read the Berenson Opinion carefully and in its entirety. The summary of the Berenson Opinion in this Information Statement, which describes the material analyses underlying the Berenson Opinion, but does not purport to be a complete description of the analyses performed by Berenson in connection with its opinion, is qualified in its entirety by reference to the full text of the Berenson Opinion. See *The Merger Opinion of Financial Advisor to the Company* for more information.

Interests of Certain Persons in Matters to be Acted Upon

Certain of the Company s directors and executive officers, as well as certain entities affiliated with the Company, have interests in the Merger that are different from, and/or in addition to, the interests of the Company s stockholders generally. The Board was aware of and considered these differing interests and potential conflicts, among other matters, in approving the Merger, the Recapitalization, the Parent Stock Issuance and related transactions and in recommending such transactions to the Company s stockholders. The following is a description of certain rights directors and executive officers may have in connection with the Merger, as well as a summary of certain agreements with entities affiliated with the Company.

Directors and Executive Officers

The rights of the Company s directors and executive officers with respect to outstanding equity awards, the rights of certain of the Company s executive officers under their respective employment agreements, and the rights of the Company s directors and officers to indemnification and maintenance of directors and officers liability insurance are described in the section entitled *Interest of Certain Persons in Matters to be Acted Upon Interests of Directors and Executive Officers*.

Voting Agreement

Pursuant to a Voting Agreement between Gores and Verge, Gores has agreed, among other matters, to vote against any alternative transaction until the earlier to occur of (1) the closing of the transactions contemplated by the Merger Agreement; (2) 18 months from the date of the Merger Agreement; (3) 12 months following any termination of the Merger Agreement pursuant to the Fiduciary Termination Provisions; and (4) termination of the Merger Agreement for any reason other than pursuant to the Fiduciary Termination Provisions. For more information about the Voting Agreement, see *Interest of Certain Persons in Matters to be Acted Upon Voting Agreement*.

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Registration Rights Agreement

As a closing condition under the Merger Agreement, the Company has agreed to enter into a Registration Rights Agreement with Triton Media Group, LLC, the sole stockholder of Verge, which we refer to as *Triton*, and Gores relating to shares of Class A Common Stock (including Class A Common Stock issued or issuable in respect of Class B Common Stock). Among other matters, the Registration Rights Agreement grants Triton and Gores a specified number of long-form and unlimited short-from demand registrations and unlimited piggyback registration rights, in each case subject to certain limitations. For more information, see *Interest of Certain Persons in Matters to be Acted Upon Registration Rights Agreement*.

Indemnity and Contribution Agreement

Concurrent with the execution and delivery of the Merger Agreement, the Company, Verge, Gores and Triton entered into an Indemnity and Contribution Agreement, dated as of July 30, 2011, which we refer to as the *Indemnity and Contribution Agreement*. Pursuant to the agreement, Triton agreed to indemnify the Company in certain circumstances if the Company suffers losses arising from or directly related to Verge s digital service business that it recently spun off to Triton, and Gores agreed to indemnify Triton in certain circumstances if the Company makes any payments or otherwise suffers any losses arising from or directly related to the Metro Traffic Business that the Company recently sold to a third party, in each case, subject to certain limitations. For more information, see *Interest of Certain Persons in Matters to be Acted Upon Indemnity and Contribution Agreement*.

Letter Agreement

Pursuant to a Letter Agreement, which we refer to as the *Letter Agreement*, dated as of July 30, 2011, by and among the Company, Gores, certain entities affiliated with Oaktree, which we refer to as the *Oaktree Entities*, and certain entities affiliated with Black Canyon Capital LLC, which we refer to as the *Black Canyon Entities*, each of Gores, the Oaktree Entities and the Black Canyon Entities have agreed to exchange certain debt of the Company and Verge, as applicable, held by such party for Senior Subordinated Unsecured PIK Notes of the Company, which we refer to as the *PIK Notes*. For more information, see *Interest of Certain Persons in Matters to be Acted Upon Letter Agreement*.

PIK Notes

The PIK Notes are unsecured, accrue interest at the rate of 15% per annum, mature on the 6th anniversary of the issue date and are subordinated in right of payment to the combined company s debt to be issued pursuant to the Debt Commitment Letters. For more information, see *Interest of Certain Persons in Matters to be Acted Upon PIK Notes*.

Digital Reseller Agreement

On July 29, 2011, Triton and Dial Global entered into a Digital Reseller Agreement, pursuant to which, among other things, Dial Global agreed to provide, at its sole expense and on an exclusive basis (subject to certain exceptions), services to Triton customarily rendered by terrestrial network radio sales representatives in the United States in exchange for a commission. For more information, see *Other Agreements Digital Reseller Agreement*.

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Debt Commitment Letters

Concurrent with the execution and delivery of the Merger Agreement, Verge obtained (a) a first lien secured debt commitment letter from certain first lien lenders, pursuant to which such first lien lenders agree to provide, upon the terms and subject to the conditions set forth in the first lien secured debt commitment letter, in the aggregate up to $200 million in debt financing, consisting of a term loan facility in the aggregate principal amount of $175 million and a revolving credit facility with a maximum aggregate availability of $25 million, and (b) a second lien secured debt commitment letter from certain second lien lenders, pursuant to which such second lien lenders agree to provide, upon the terms and subject to the conditions set forth in the second lien secured debt commitment letter, up to $65 million in debt financing pursuant to a second lien term loan credit facility. For more information, see *Other Agreements Debt Commitment Letters*.

Anticipated Accounting Treatment

The transactions contemplated by the Merger Agreement will be accounted for as a reverse acquisition of the Company by Verge under the acquisition method of accounting. The combined company will account for the transaction by using Verge historical information and accounting policies and applying fair value estimates to the Company. For more information, see *Accounting Treatment of the Merger*.

Outstanding Voting Securities; Vote Required; Gores Written Consent

As of July 30, 2011, the Company had 22,594,472 shares of common stock issued and outstanding, which is the only capital stock of the Company entitled to vote. The Merger, the Recapitalization, the Parent Stock Issuance and related transactions require approval of the holders of a majority of the Company s issued and outstanding voting securities. On July 30, 2011, Gores, which owned 17,212,977 shares of the Company s common stock, representing 76.2% of the Company s issued and outstanding voting securities as of such date, delivered to the Company a written consent approving the Merger, the Recapitalization, the Parent Stock Issuance and related transactions. No further approval by the Company s stockholders is required by law, applicable stock exchange rules or our organizational documents. For more information, see *Outstanding Voting Securities; Vote Required; Gores Written Consent*.

Recent Developments

On August 24, 2011, early termination of the waiting period applicable to the Merger under the HSR Act was granted.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

The following questions and answers are intended to briefly address some commonly asked questions regarding the Merger, the Recapitalization, the Parent Stock Issuance and related transactions. These questions and answers may not address all questions that may be important to you as a stockholder of the Company. Please refer to the *Introduction* and *Summary Term Sheet* and the more detailed information contained elsewhere in this Information Statement, the annexes to this Information Statement and the documents referred to or incorporated by reference in this Information Statement, each of which you should read carefully. You may obtain information incorporated by reference in this Information Statement without charge by following the instructions under W*here Stockholders Can Find More Information*.

Q: What is the proposed transaction?

A: The proposed transaction is the merger of Verge with and into Merger Sub, a direct, wholly owned subsidiary of the Company, with Merger Sub being the surviving corporation and remaining a direct, wholly-owned subsidiary of the Company.

Q: What will Verge stockholders receive in the Merger?

A: Under the terms of the Merger Agreement, upon consummation of the Merger, Verge s stockholders will be entitled to receive 6.884183 shares of new Class B Common Stock of the Company for each common share of Verge held by them. This exchange ratio was adjusted from the 6.90453 number included in the Merger Agreement following the execution of the Merger Agreement due to the expiration of certain stock options of the Company related to the sale of the Metro Traffic Business and the issuance of certain restricted stock units to our directors as is customary, and is subject to further adjustment as provided in the Merger Agreement. In addition, pursuant to the Merger Agreement, upon consummation of the Merger the Company will issue to stockholders of Verge shares of Series A Preferred Stock of the Company having an aggregate liquidation preference of $8,000,000, subject to adjustment upon the closing of the Merger based on the respective net debt amounts of the Company and Verge on the business day prior to the closing. Assuming the Merger had been consummated on June 30, 2011, on a pro forma basis giving effect to the respective net debt amounts of the Company and Verge as of such date, the Company would have issued to stockholders of Verge 15,060 shares of Series A Preferred Stock having an aggregate liquidation preference of $15,060,000.

Q: What percentage of our common stock will the Company s current stockholders and Verge s current stockholders own, in the aggregate, after the Merger?

A: Following the Merger, based on the Company s and Verge s respective capitalizations as of July 30, 2011, and the exchange ratio of 6.884183, we estimate that current Company stockholders together with holders of outstanding options exercisable for Company common stock and restricted stock units will own approximately 41%, and current Verge stockholders will own approximately 59%, of the issued and outstanding shares of common stock of the combined company on a fully diluted basis.

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Q: What is the Recapitalization?

A: Immediately prior to the Merger, the Company will file the Restated Charter which, among other things, reclassifies the Company s existing common stock on a share-for-share basis into a new class of common stock to be designated as Class A Common Stock, authorizes a new class of common stock to be designated as Class B Common Stock, which is to be issued to Verge s stockholders in the Merger, and designates two new series of preferred stock of the Company, Series A Preferred Stock and Series B Preferred Stock, which are senior to the common stock and may be issued in connection with the Merger under certain circumstances.

The Company will also make certain amendments to its By-Laws in connection with the Recapitalization.

Q: What will happen to my shares of common stock in the Recapitalization?

A: Upon the effectiveness of the Restated Charter, each share of the Company s existing common stock will automatically be converted into one share of Class A Common Stock. **Stockholders do not need to surrender their share certificates or take any other actions in connection with the Recapitalization.**

Q: What are the material differences between the rights of holders of the Company s existing common stock and Class A Common Stock?

A: The differences between the rights of holders of the Company s existing common stock and Class A Common Stock include, among other differences, that holders of Class A Common Stock will initially have the right to elect three of nine directors rather than the entire Board and, under certain circumstances, will have a class vote to approve a sale of the Company for the first three years following the Merger. For more information about these and other differences in the rights of the holders of the Company s existing common stock and Class A Common Stock, see *The Recapitalization Comparison of the Rights of Holders of Existing Common Stock and Class A Common Stock.*

Q: What are the differences between the Class A Common Stock and the Class B Common Stock?

A: The Class A Common Stock and the Class B Common Stock will be identical in all respects except with respect to certain class voting and approval rights (including with respect to the election of directors) and, under certain circumstances, the Class B Common Stock automatically converts into Class A Common Stock. Upon the closing of the Recapitalization and Merger, the Company intends to continue to list its shares of Class A Common Stock on the NASDAQ and to change its stock symbol to DIAL. The shares of Class B Common Stock will not be publicly listed or traded.

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Q: What will be the composition of the board of directors of the combined company following the Merger?
A: Upon to the closing of the Merger, the board of directors of the combined company will consist of three directors identified in writing by the Company, one of whom must be independent under applicable stock exchange rules, five directors identified in writing by Verge, two of whom must be independent under applicable stock exchange rules, and the current Chief Executive Officer of Verge or his replacement, to serve as Chairman.
At the next annual meeting of stockholders, the holders of Class A Common Stock voting as a separate class will be entitled to elect three directors to the board of directors of the combined company, one of whom must be independent, and the holders of Class B Common Stock voting as a separate class will be entitled to elect five directors to the board of directors of the combined company, two of whom must be independent, and the holders of Class A Common Stock and Class B Common Stock will vote together as a single class to elect the Chief Executive Officer of the combined company as the