WESTWOOD ONE INC /DE/
Form S-1
June 22, 2009
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As filed with the Securities and Exchange Commission on June 22, 2009

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

WESTWOOD ONE, INC.

(Exact name of registrant as specified in its charter)

Delaware	**7900**	**95-3980449**
(State or Other Jurisdiction of Incorporation or Organization)	***(Primary Standard Industrial Classification Code Number)***	***(I.R.S. Employer Identification Number)***

40 West 57th Street, 5th Floor

New York, New York 10019

(212) 641-2000

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

David Hillman, Esq.

Chief Administrative Officer; EVP, Business Affairs;

General Counsel and Secretary

Westwood One, Inc.

40 West 57th Street, 5th Floor

New York, New York 10019

(212) 641-2000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

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

Large accelerated filer ¨ Accelerated filer x

Non-accelerated filer ¨ (Do not check if a smaller reporting company) Smaller reporting company ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Proposed Maximum Aggregate Offering Price (1)(2)**	**Amount of Registration Fee**
Common Stock, par value $0.01 per share	$50,000,000	$2,790

(1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act.

(2) Includes offering price for the shares that the underwriters have the option to purchase to cover over-allotments, if any.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission acting pursuant to said section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JUNE 22, 2009

PRELIMINARY PROSPECTUS

Shares

Common Stock

$ per share

Westwood One, Inc. is selling shares of our common stock and the selling stockholders named in this prospectus are selling shares of our common stock. We and the selling stockholders named in this prospectus have granted the underwriters a 30-day option to purchase up to an additional shares of our common stock to cover over-allotments, if any. We will not receive any of the proceeds from the sale of shares by the selling stockholders.

Our common stock is currently traded on the OTC Bulletin Board under the symbol WWON.OB. The last reported sale price on , 2009 was $ per share. We intend to apply to list our common stock on the NASDAQ Capital Market under the symbol WWON.

INVESTING IN OUR COMMON STOCK INVOLVES RISKS. SEE RISK FACTORS BEGINNING ON PAGE 12.

	Per Share	Total
Public offering price	$	$
Underwriting discounts	$	$
Proceeds, before expenses, to us	$	$
Proceeds, before expenses, to selling stockholders	$	$

Delivery of the shares of common stock will be made on or about , 2009.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Thomas Weisel Partners LLC

The date of this prospectus is , 2009.

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This prospectus is part of a registration statement on Form S-1 that we filed with the Securities and Exchange Commission (SEC). You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized anyone to provide you with information different from that contained in this prospectus. We are offering to sell shares of common stock and seeking offers to buy shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the common stock.

Unless otherwise stated in this prospectus, references to the Company, we, our, ours, registrant and us refer to Westwood One, Inc. and it consolidated subsidiaries, except where it is clear that such terms mean only Westwood One, Inc.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information you should consider before buying shares of our common stock. Before deciding to invest in shares of our common stock, you should read the entire prospectus carefully, including our consolidated financial statements and the related notes and the information set forth under the headings Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations, in each case included elsewhere in this prospectus. All share and per share amounts in this prospectus (unless otherwise indicated) reflect a 200 for 1 reverse stock split of our outstanding common stock and the conversion of all outstanding shares of Series A-1 Preferred Stock, Series B Preferred Stock and Class B stock into common stock that we anticipate will occur prior to the consummation of this offering if the stockholders approve the Charter Amendments (as defined below) to be voted on at an upcoming special meeting of stockholders to be held on June 26, 2009.

Our Company

We produce and provide traffic, news, weather, sports, talk, music, special events and other programming. Our content is distributed to radio and television stations and digital platforms and reaches over 190 million people. We are one of the largest domestic outsourced providers of traffic reporting services and one of the nation s largest radio networks, delivering content to over 5,000 radio and 170 television stations in the U.S. We exchange our content with radio and television stations for commercial airtime, which we then sell to local, regional and national advertisers. By aggregating and packaging commercial airtime across radio and television stations nationwide, we are able to offer our advertising customers a cost-effective way to reach a broad audience and target their audience on a demographic and geographic basis.

We are organized into two business segments: Metro and Network.

Our Metro business produces and distributes traffic and other local information reports (such as news, sports and weather) to approximately 2,300 radio and television stations, which include stations in over 80 of the top 100 Metro Service Area (MSA) markets in the U.S. Our Metro business generates revenue from the sale of commercial advertising inventory to advertisers (typically 10 and 15 second spots in radio and 30 second spots in television embedded within our information reports). We provide broadcasters a cost-effective alternative to gathering and delivering their own traffic and local information reports and offer advertisers a more efficient, broad reaching alternative to purchasing advertising directly from individual radio and television stations.

Our Network business syndicates proprietary and licensed content to radio stations, enabling them to meet their programming needs on a cost-effective basis. The programming includes national news and sports content, such as CBS Radio News, CNN Radio News and NBC Radio News and major sporting events, including the National Football League (including the Super Bowl), NCAA football and basketball games (including the Men s Basketball Tournament, *i.e.*, March Madness) and The Masters golf tournament. Our Network business features popular shows that we produce with personalities including Dennis Miller, Charles Osgood, Fred Thompson and Billy Bush. We also feature special events such as live concert broadcasts, countdown shows (including MTV and Country Music Television branded programs), music and interview programs. Our Network business generates revenue from the sale of 30 and 60 second commercial airtime, often embedded in our programming, that we bundle and sell to national advertisers who want to reach a large audience across numerous radio stations.

We believe that our market position in both the Metro and Network businesses and our recent turnaround strategies and revenue enhancement initiatives afford us with a number of revenue growth opportunities. We are developing additional potential revenue streams by leveraging our existing resources

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and accessing new distribution channels for our extensive content. In addition, we believe there is an extensive opportunity to pursue acquisitions, partnerships and joint ventures to consolidate our existing business with competitors and expand into new markets.

Our Strengths

We believe our strengths include:

Large Independent Provider of Content. We are one of the largest domestic outsourced providers of traffic reporting services and one of the nation s largest radio networks, producing and distributing traffic, news, weather, sports, talk, music, special events and other programming. As an independent provider of content, without any stations under our ownership, we are able to transact with all station groups. We deliver content to over 5,000 radio and 170 television stations in the U.S.

Developer of High Quality, Original Content. We create and develop premium content for radio and television stations. The programming includes several nationally known personalities including Dennis Miller, Charles Osgood, Fred Thompson and Billy Bush. We also provide stations with targeted programming, including national news, major sporting events and local news and traffic programming that they can generally not afford to develop on their own.

Multichannel Distributor of Content. As a producer of original content, we have the ability to utilize multiple media channels by leveraging our existing production capabilities and vast library of content to generate additional revenue without incurring significant costs. For example, much of the same content we distribute to our radio station customers is available to consumers online via podcasting or live streaming.

Significant Operating Leverage. Our business model has a relatively fixed cost base leading to significant operating leverage. We have made progress and are working to further reduce our fixed costs which we believe will enhance our profitability if revenue increases in the future due to an economic recovery or organic growth factors.

Experienced Management Team. We have brought together a new, experienced management team with extensive strategic, operating and financial expertise. Our management team has an average of 16 years of industry experience. Our relationship with The Gores Group provides us with additional operational, financial and strategic support. We believe this management team has the ability to respond to economic and industry trends and cycles while maximizing revenue growth from the sale of commercial airtime.

Our Strategy

Our goal is to grow the revenue and profitability of our business. Key elements of our strategy to achieve this goal include:

Complete operational turnaround. We have recently begun and will continue to increase our operational efficiency with the assistance of The Gores Group. We announced on March 16, 2009, certain re-engineering and cost-cutting initiatives, as described below in Turnaround Strategies and Revenue Enhancement Initiatives , that are collectively anticipated to result in total annual savings of approximately $55 to $63 million. These savings will be offset to a limited degree by investments in our sales force, technology and digital capabilities and certain strategic partnerships such as TrafficLand, a provider of traffic video collected from local and state Departments of Transportation.

Expand our Sales Force. We have recently begun and plan to continue to build-out and leverage our extensive local and national sales force to generate increased revenue from the sale of commercial airtime. In our Network business, we are adding category management specialists in high-potential segments of the advertising market. In our Metro business, we have added new sales people at various locations across the country to deepen our local market coverage. We are also adding select sales

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people in our Metro business to expand the distribution of our local content. Additionally, in our Network business we recently began to offer copy-splitting advertising services which enable our advertising clients to reach more than one desired geographic area at the same time.

Pursue strategic opportunities. We evaluate acquisitions, partnerships and joint ventures on an ongoing basis and intend to pursue acquisitions of and partnerships or joint ventures with businesses in our industry and related industries that can assist us in achieving our growth strategy. We focus on opportunities with content and services businesses serving the radio, television and digital markets. We approach strategic opportunities in a disciplined manner and, with the assistance of The Gores Group, intend to focus on opportunities that strengthen our competitive position.

Produce cost-effective, original programming. We will continue to leverage our national scale to provide radio and television stations with programming and services that they may not be able to cost-effectively produce on their own. We distribute our programming on a barter basis in exchange for commercial airtime in lieu of cash, which allows stations to preserve capital.

Expand our distribution channels. We plan to continue expanding our product offerings across radio, television, online and other platforms through initiatives such as on-camera graphics and mobile video. Our Metro business is also expanding into the digital and wireless categories as a provider of traffic information on mobile and personal navigation devices. As part of this strategy, our Metro business recently entered into a License and Services Agreement with TrafficLand. The agreement provides our Metro business with the exclusive right to enter into affiliation agreements with third party broadcasters wanting access to TrafficLand s live video traffic feeds, which (i) provides us with simultaneous access to 4,700 traffic cameras and (ii) enables us to enhance our product offerings to stations that carry our programming and data feeds. We have an option, exercisable through December 1, 2009, to acquire TrafficLand. We have also partnered with AirSage, a provider of digital traffic data, to enhance our real-time road condition and data reports and with TrafficCast, a traffic science company, to collaborate on licensing of integrated data for others. We believe these initiatives will allow us to significantly expand our digital content offerings.

Our Industry

Radio Broadcasting and Advertising

According to the Federal Communications Commission (FCC), there were 11,213 commercial radio stations serving listeners in the United States as of December 31, 2008. The Radio Advertising Bureau (RAB) reported that the market for U.S. radio advertising in 2008 was $19.5 billion. We compete in the local ($13.6 billion), national ($2.9 billion) and network ($1.2 billion) radio advertising segments which comprise the majority of the total industry.

AM/FM radio is one of the most popular forms of media in terms of audience consumption. According to Arbitron s Spring 2007 study, the average time spent listening to the radio by persons 12 years and older (12+) in the U.S. is 19 hours per week. Similarly, network radio listenership remains strong among key demographics. According to Arbitron, network radio reaches nearly 75% of the 12+ U.S. population each week and performs well within the key 18-24, 18-49 and 25-54 year old demographics, reaching 73%, 74% and 74%, respectively. Furthermore, Arbitron reports that 60% of adult consumers over the age of 18 listen to network radio out of the home, or approximately 143 million adults each week.

Radio offers a cost efficient way of reaching diverse audience groups in large numbers. Radio advertising can be purchased by advertisers on a local, regional or national basis. Local and regional purchases allow an advertiser to choose a geographic market for the broadcast of commercial messages. Advertising purchased from a national radio network allows an advertiser to target its commercial messages to a specific demographic within a large national audience. Radio advertising has historically been cyclical as spending on advertising can grow or decline depending on the state of the economy.

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Television Broadcasting and Advertising

According to the Television Bureau of Advertising, total broadcast television advertising revenue in 2008 was $46.4 billion. Network television is the largest segment within broadcast television representing revenue of $25.4 billion in 2008. We compete in the local ($16.5 billion) and syndication ($4.4 billion) television advertising segments.

During the 2008-09 broadcast season, television was viewed in 114.5 million, or 98.9%, of all U.S. households according to The Nielsen Company. Television remains the most popular form of media in terms of audience consumption with the average household watching 8 hours and 18 minutes of television each day in 2008 according to the Television Bureau of Advertising and The Nielsen Company.

Television s broad reach and visual impact makes it a powerful and attractive medium for advertisers. Television spots are generally 30 to 60 seconds in length and are purchased by advertisers on a local, regional or national basis. Similar to the radio broadcasting industry, local and regional purchases allow an advertiser to choose a geographic market for the broadcast of commercial messages. Advertising purchased from a national television network allows an advertiser to target its commercial messages to a specific demographic within a large national audience.

Turnaround Strategies and Revenue Enhancement Initiatives

Since September 2008, we have implemented a significant number of key turnaround strategies and revenue enhancement initiatives, including:

- Re-Engineering of Traffic Operations
  - Regionalize 60 operating centers to 13 hubs
  - Reduce reliance on aircraft and implement new video and speed and flow technology
- Cost Reduction Programs
  - Reduce salary/headcount
  - Reduce programming costs and eliminate unprofitable programming
  - Negotiate reductions in compensation paid to radio stations that provide us with commercial airtime to more effectively match compensation to revenue and profitability
- Revenue Initiatives
  - Increase our sales force to expand our market presence across regions and products
  - Grow revenue and profitability from advertising through optimization of sales mix, inventory utilization and pricing

Deliver expanded product offerings such as copy-splitting, 15 second spots and pre-recorded advertisements

Management Reorganization

Engage new, experienced management team to provide greater leadership

Reorganize corporate structure to increase accountability

Restructuring

On April 23, 2009, we completed a refinancing of substantially all of our outstanding long-term indebtedness (approximately $241 million in principal amount) and a recapitalization of our equity (the Restructuring).

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As part of the Restructuring, our then existing debtholders released all of their existing obligations in exchange for (1) $117.5 million of 15% Senior Notes maturing July 15, 2012 (the Senior Notes), (2) 34,962 shares of Series B Preferred Stock (as defined below), which will be converted into 5,077,259 shares of common stock if the stockholders approve the Charter Amendments (as defined below), and (3) a one-time cash payment of $25.0 million. We also entered into a new senior credit facility (the Senior Credit Facility) pursuant to which we have a $15.0 million revolving line of credit and a $20.0 million unsecured non-amortizing term loan. As of the date of this prospectus, we have borrowed the entire amount under the term loan and we have not made any borrowings under the revolving line of credit.

In addition, Gores Radio Holdings, LLC (1) agreed to purchase, at a discount, certain debt held by debt holders who did not wish to participate in the Senior Notes, (2) agreed to guarantee the Senior Credit Facility and a $10.0 million contractual commitment by one of our wholly owned subsidiaries and (3) invested $25.0 million in the Company for 25,000 shares of 8.0% Series B Convertible Preferred Stock (the Series B Preferred Stock). In connection with Gores providing the guarantees and purchasing the debt from non-participating holders, the 75,000 shares of 7.50% Series A Convertible Preferred Stock (the Series A Preferred Stock) held by Gores immediately prior to the Restructuring, which then had a liquidation preference of approximately $79.0 million, were exchanged for 75,000 shares of 7.50% Series A-1 Convertible Preferred Stock (the Series A-1 Preferred Stock) with a per share conversion price which provided Gores with an approximately 54.4% interest in the Company after the Restructuring.

Taking into account Gores Series B Preferred Stock, Series A-1 Preferred Stock and common stock, upon the consummation of the Restructuring, Gores ownership in the Company increased from approximately 36% to 75.1%. Accordingly, the Restructuring, when considering the ownership held by Gores as well as the ownership held by our then existing debt holders, constituted a change of control transaction that requires the Company to follow the purchase method of accounting, as described by Statement of Financial Accounting Standards (SFAS) 141R, Business Combinations (SFAS 141R). We have considered the ownership held by Gores and our then existing debt holders as a collaborative group in accordance with Emerging Issues Task Force D-97, Push Down Accounting . As a result, we will follow the acquisition method of accounting, as described by Statement of Financial Accounting Standards (SFAS) 141R, Business Combinations and will apply the SEC rules and guidance regarding push down accounting treatment effective April 23, 2009.

Recent Events

On June 4, 2009, we filed a definitive proxy statement for a special meeting of our stockholders. The purpose of the meeting is to consider and vote upon, among other proposals, amending our Restated Certificate of Incorporation to increase the number of authorized shares of our common stock from 300 million to 5 billion and to amend the Certificate of Incorporation to effect a 200 for 1 reverse stock split of our outstanding common stock (the Charter Amendments). If the stockholders approve the Charter Amendments, it will result in the automatic conversion of all shares of preferred stock and Class B stock into common stock and the cancellation of warrants to purchase 10 million shares of common stock issued to Gores as part of their investment in our Series A Preferred Stock. If the stockholders approve the Charter Amendments, there will no longer be issued and outstanding any warrants to purchase our common stock or any shares of our capital stock that have any preference over the common stock with respect to voting, liquidation, dividends or otherwise. Under the Charter Amendments, each of the newly authorized shares of common stock will have the same rights and privileges as currently authorized common stock. Adoption of the Charter Amendments will not affect the rights of the holders of our currently outstanding common stock nor will it change the par value of the common stock.

The Gores Group

The Gores Group owns approximately 75.1% of our common stock. Founded in 1987, Gores is a private equity firm focused on investing in businesses which can benefit from the firm s operating and turnaround expertise. Gores has become a leading investor having demonstrated over time a track record of creating value in its portfolio companies alongside management. The firm s current private equity fund has committed equity capital of $1.3 billion.

Risks Associated with Our Business

Our business is subject to numerous risks and uncertainties, as more fully described under Risk Factors beginning on page 12, which you should carefully consider before deciding whether to invest in our common stock.

Corporate Information

We are a Delaware corporation. Our principal executive office is located at 40 West 57th Street, 5th Floor, New York, NY 10019. Our telephone number is (212) 641-2000 and our website address is www.westwoodone.com. The information contained on, or that can be accessed through, our website is not a part of this prospectus.

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THE OFFERING

Common stock offered by Westwood One	shares
Common stock offered by the selling stockholders	shares
Common stock to be outstanding after this offering	shares, or shares if the underwriters exercise their over-allotment option in full
Over-allotment option	shares
Use of proceeds	Our net proceeds from this offering, after deducting underwriting discounts and estimated offering expenses will be approximately $, assuming a public offering price of $ per share, which was the last reported sale price of our common stock on , 2009. We anticipate that we will use the net proceeds of this offering for general corporate purposes and working capital, which may include: pursuit of possible acquisitions of complementary businesses or other assets such as TrafficLand (if we choose to exercise our purchase option, as described elsewhere in this prospectus), funding our growth initiatives and repayment of our outstanding indebtedness. We will not receive any proceeds from the sale of shares by the selling stockholders. See Use of Proceeds.
Anticipated NASDAQ Capital Market Symbol	WWON

The number of shares of our common stock to be outstanding upon completion of this offering is based on 20,307,684 shares of our common stock outstanding as of March 31, 2009, and excludes:

- 32,063 shares of common stock issuable upon exercise of options outstanding as of March 31, 2009 at a weighted average exercise price of $1,450 per share, and 250 shares of common stock issuable upon exercise of options granted after March 31, 2009 at an exercise price of $12.00 per share;
- 29,139 shares of common stock reserved as of March 31, 2009 for future issuance under our 1999 Stock Incentive Plan, and an additional 10,862 shares of common stock reserved for issuance after March 31, 2009; and
- 2,895 shares of common stock reserved as of March 31, 2009 for future issuance under our 2005 Equity Incentive Plan, and an additional 43,106 shares of common stock reserved for issuance after March 31, 2009, of which 42,856 remain available for grant after taking into account options granted after March 31, 2009.

Unless otherwise indicated, this prospectus (except in the historical consolidated financial statements included elsewhere in this prospectus):

- reflects and assumes the automatic conversion of all outstanding shares of our Series A-1 Preferred Stock and Series B Preferred Stock into an aggregate of 19,798,483 shares of common stock that we anticipate will occur prior to the consummation of this offering if the stockholders approve the Charter Amendments;

- reflects and assumes the automatic conversion of all outstanding shares of Class B stock into an aggregate of 1,459 shares of common stock that we anticipate will occur prior to the consummation of this offering if the stockholders approve the Charter Amendments;

- reflects and assumes a 200 for 1 reverse stock split of our common stock that we anticipate will occur prior to the consummation of this offering if the stockholders approve the Charter Amendments; and

- assumes no exercise by the underwriters of their option to purchase up to an additional shares from us and the selling stockholders to cover over-allotments.

If the underwriters exercise their over-allotment option in full, shares of our common stock will be outstanding after this offering.

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SUMMARY CONSOLIDATED AND OTHER FINANCIAL DATA

The following tables summarize our consolidated financial and other data. The consolidated statements of operations data for the fiscal years ended December 31, 2006, 2007 and 2008 and the consolidated balance sheet data as of December 31, 2006, 2007 and 2008 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The consolidated statement of operations data for the fiscal years ended December 31, 2004 and 2005 and the consolidated balance sheet data as of December 31, 2004 and 2005 have been derived from our audited financial statements not included in this prospectus. The consolidated statement of operations data for the three months ended March 31, 2008 and 2009, and the consolidated balance sheet data as of March 31, 2008 and 2009, have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements have been prepared on a basis consistent with our audited financial statements and include, in the opinion of management, all adjustments that management considers necessary for the fair statement of the financial information set forth in those financial statements. The following financial data should be read in conjunction with, and is qualified by reference to, our consolidated financial statements and related notes and schedule included elsewhere in this prospectus and the information under Management s Discussion and Analysis of Financial Condition and Results of Operations. Our historical results are not necessarily indicative of the results to be expected in any future period.

	Year Ended December 31,					Three Months Ended March 31,	
	2004(1)	2005(1)	2006	2007	2008	2008	2009
	(in thousands, except per share data)					(unaudited)	
Consolidated Statements of Operations Data:							
Revenue	$ 562,246	$ 557,830	$ 512,085	$ 451,384	$ 404,416	$ 106,627	$ 85,867
Operating Costs	379,097	378,998	395,196	350,440	360,492	94,229	91,393
Goodwill Impairment			515,916		430,126		
Depreciation and Amortization	18,429	20,826	20,756	19,840	11,052	3,976	2,063
Corporate General and Administrative Expenses	13,596	14,028	14,618	13,171	13,442	3,466	2,766
Restructuring Charges					14,100		3,440
Special Charges			1,579	4,626	13,245	7,956	5,809
Operating (Loss) Income	151,124	143,978	(435,980)	63,307	(438,041)	(3,000)	(19,604)
Net (Loss) Income	86,955	77,886	(469,453)	24,368	(427,563)	(5,338)	(15,186)
(Loss) Income Per Basic Share							
Common stock	$ 0.90	$ 0.86	$ (5.46)	$ 0.28	$ (4.39)	$ (0.06)	$ (0.17)
Class B stock	$	$ 0.24	$ 0.26	$ 0.02	$	$	$
(Loss) Income Per Diluted Share							
Common stock	$ 0.88	$ 0.85	$ (5.46)	$ 0.28	$ (4.39)	$ (0.06)	$ (0.17)
Class B stock	$	$ 0.24	$ 0.26	$ 0.02	$	$	$
Dividends Declared(2)							
Common stock	$	$ 0.30	$ 0.32	$ 0.02	$	$	$
Class B stock	$	$ 0.24	$ 0.26	$ 0.02	$	$	$

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	2004(1)	2005(1)	As of December 31, 2006 (in thousands)	2007	2008	As of March 31, 2008 (unaudited)	2009
Consolidated Balance Sheet Data:							
Current Assets	$ 174,346	$ 172,245	$ 149,222	$ 138,154	$ 119,468	$ 118,187	$ 102,908
Working Capital / (Deficit)(3)	93,005	72,094	29,313	47,294	(208,034)	(88,458)	25,529
Total Assets	1,262,495	1,239,646	696,701	669,757	205,088	644,011	191,396
Long-Term Debt(3)	359,439	427,514	366,860	345,244		201,783	251,446
Total Shareholders Equity (Deficit)	800,709	704,029	202,931	227,631	(203,145)	229,374	(224,023)

	2004(1)	2005(1)	Year Ended December 31, 2006	2007 (in thousands) (unaudited)	2008	Three Months Ended March 31, 2008	2009
Other Financial Data:							
Adjusted EBITDA(4)	$ 184,397	$ 176,490	$ 114,540	$ 97,378	$ 39,198	$ 11,055	$ (6,940)

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

2. No cash dividend was paid on our common stock or Class B stock in 2004 or 2008. In 2005, our board of directors declared cash dividends of $0.10 per share for every issued and outstanding share of common stock and $0.08 per share for every issued and outstanding share of Class B stock on each of April 29, 2005, August 3, 2005 and November 2, 2005. In 2006, our board of directors declared cash dividends of $0.10 per share for every issued and outstanding share of common stock and $0.08 per share for every issued and outstanding share of Class B stock on each of February 2, 2006, April 18, 2006 and August 7, 2006. Our board of directors declared a cash dividend of $0.02 per share for every issued and outstanding share of common stock and $0.016 per share for every issued and outstanding share of Class B stock on November 7, 2006. Our board of directors declared cash dividends of $0.02 per share for every issued and outstanding share of common stock and $0.016 per share for every issued and outstanding share of Class B stock on March 6, 2007. The payment of dividends is restricted by the terms of our outstanding indebtedness and we do not plan on paying dividends for the foreseeable future.

3. On November 30, 2008, we failed to make the interest payment on our previously outstanding senior notes which constituted an event of default under the then existing senior notes. Accordingly, $249,053 of debt previously considered long-term was re-classified as short-term debt, which resulted in a working capital deficit of $208,034 on December 31, 2008.

4. We define Adjusted EBITDA as net income (loss) from our Statement of Operations adjusted to exclude the following items: interest expense, income tax, depreciation and amortization (EBITDA), as adjusted for goodwill impairment, restructuring and special charges and non-cash stock-based compensation. Adjusted EBITDA is a non-GAAP financial measure (i.e., it is not a measure of financial performance under generally accepted accounting principles) and should not be considered in isolation or as a substitute for consolidated statements of operations and cash flow data prepared in accordance with GAAP.

We use Adjusted EBITDA to, among other things, evaluate our operating performance, forecast and plan for future periods, value prospective acquisitions, and as one of several components of incentive compensation targets for certain management personnel. This measure is an important indicator of our operational strength and performance of our business because it provides a link between profitability and operating cash flow. In addition, all of the adjustments made in our calculation of Adjusted EBITDA are adjustments that would be made in calculating our compliance with our leverage ratio covenants under our Senior Credit Facility and Senior Notes. We believe the presentation of this measure is relevant and useful for investors because it allows investors to view performance in a manner similar to the method used by our management, helps improve their ability to understand our operating performance and makes it easier to compare our results with other companies that have different financing and capital structures or tax rates. In addition, this measure is also among the primary measures used externally by our investors, analysts and peers in its industry for purposes of valuation and comparing our operating performance to other companies in our industry.

Since Adjusted EBITDA is not a measure of performance calculated in accordance with GAAP, it should not be considered in isolation of, or as a substitute for, net income as an indicator of operating performance. Adjusted EBITDA as we calculate it, may not be comparable to similarly titled measures employed by other companies. In addition, this measure does not necessarily represent funds available for discretionary use, and is not necessarily a measure of our ability to fund our cash needs. As Adjusted EBITDA excludes certain financial information compared with net income, the most directly comparable GAAP financial measure, users of this financial information should consider the types of events and transactions which are excluded. A reconciliation of Adjusted EBITDA to net income (loss) is provided below.

			Year Ended December 31,			Three Months Ended March 31,	
	2004	2005	2006	2007	2008	2008	2009
			(in thousands)			(unaudited)	
Net income (loss)	$ 86,955	$ 77,886	$ (469,453)	$ 24,368	$ (427,563)	$ (5,338)	$ (15,186)
Plus: Income taxes (benefit)	53,206	49,217	8,809	15,724	(14,760)	(3,020)	(7,381)
Plus: Interest expense(a)	10,963	16,875	25,590	23,626	16,651	5,399	3,263
Plus: Depreciation and amortization	18,429	20,826	20,756	19,840	11,052	3,976	2,063
Plus: Goodwill impairment, restructuring & special charges(b)			516,569	4,214	448,375	7,915	8,949
Plus: Non-cash stock-based compensation	14,844	11,686	12,269	9,606	5,443	2,123	1,352
Adjusted EBITDA	$ 184,397	$ 176,490	$ 114,540	$ 97,378	$ 39,198	$ 11,055	$ (6,940)

(a) Interest expense for the fiscal years 2004 and 2005 includes other income of $948,000 and $1.44 million, respectively.

(b) The line item Goodwill impairment, restructuring & special charges also includes other income for the periods of the three months ended March 31, 2008 and 2009 and fiscal years 2006, 2007 and 2008 of $41,000, $300,000, $926,000, $411,000 and $12,369,000, respectively.

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RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risk factors, as well as all of the other information contained or incorporated by reference in this prospectus, before deciding to invest in our common stock. The occurrence of any of the following risks could materially and adversely affect our business, financial condition, prospects, results of operations and cash flows. In such case, the trading price of our common stock could decline and you could lose all or part of your investment. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, prospects, results of operations and cash flows.

Risks Related to Our Business and Industry

Deterioration in general economic conditions and constrained consumer spending has caused, and could cause, additional decreases or delays in advertising spending, could harm our ability to generate advertising revenue and negatively affect our results of operations.

We derive the majority of our revenue from the sale of local, regional and national advertising. The current global economic slowdown has resulted in a decline in advertising and marketing services among our customers, resulting in a decline in advertising revenue across our businesses. Additionally, advertisers, and the agencies that represent them, have put increased pressure on advertising rates, in some cases, requesting broad percentage discounts on ad buys, demanding increased levels of inventory and re-negotiating booked orders. The current state of the economy could also adversely affect our ability to collect accounts receivable from our advertisers, particularly those entities which have filed for bankruptcy. Reductions in advertising expenditures and declines in ad rates have adversely affected our revenue and the continuation of the global economic slowdown would likely continue to adversely impact our revenue, profit margins, cash flow and liquidity in future periods. In addition, in the event that the current economic situation improves, we cannot predict whether or not advertisers demands and budgets for advertising will return to previous levels.

Our operating income has declined since 2002 and may continue to decline. We may not be able to reverse this trend or reduce costs sufficiently to offset declines in revenue if such trends continue.

Since 2002, our annual operating income has declined from operating income of approximately $180 million to an operating loss of $438 million, which included goodwill impairment charges of approximately $430.1 million, for the year ended 2008, with the most significant decline occurring between 2005 and 2008. Between 2002 and 2008, our operating income declined as a result of increased competition in our local and regional markets and an increase in the amount of 10 second inventory being sold by radio stations. The more significant decline (between 2005 and 2008) was due principally to reductions in national audience levels (which dropped significantly between 2005 and 2006), lower commercial clearance and audience levels of our affiliated stations and reductions in our local and regional sales force, which began in mid-2006. Recently, our operating income has also been affected by the weakness in the United States economy and advertising market. Given the current economic climate, it is possible our operating income will continue to decline.

CBS Radio provides us with a significant portion of our commercial inventory and audience that we sell to advertisers. A material reduction in the audience delivered by CBS Radio stations or a material loss of commercial inventory from CBS Radio would have an adverse effect on our advertising sales and financial results.

While we provide programming to all major radio station groups, we have affiliation agreements with most of CBS Radio s owned and operated radio stations which, in the aggregate, provide us with a significant portion of the audience and commercial inventory that we sell to advertisers, much of which is in the more desirable top 10 radio markets. Although the compensation we pay to CBS Radio under our new 2008 arrangement is adjustable for audience levels and commercial clearance (i.e., the percentage of commercial inventory broadcast by CBS Radio stations), any significant loss of audience or inventory delivered by CBS Radio stations, including, by way of example only, as a result of a decline in station audience, commercial clearance levels or station sales that resulted in lower audience levels, would have a material adverse impact on our advertising sales and revenue. Since implementing the new arrangement in early 2008 and continuing through the end of 2008, CBS Radio has delivered improved audience levels and broadcast more advertising inventory than it had under our previous arrangement. However, there can be no assurance that CBS Radio will be able to maintain these higher levels in particular, with the introduction of The Portable People Meter, or PPM, which to date has reported substantially lower audience ratings for certain of our radio station affiliates, including our CBS Radio station affiliates, in those markets in which PPM has been implemented as described below. Additionally, while our arrangement with CBS Radio is scheduled to terminate in 2017, there can be no assurance that such arrangement will not be breached by either party. If our agreement with CBS Radio were terminated as a result of such breach, our results of operations could be materially impacted.

We may not realize expected benefits from our cost cutting initiatives.

In order to improve the efficiency of our operations, we have implemented and continue to implement certain cost cutting initiatives, including headcount and salary reductions. We cannot assure you that we will realize the full level of expected cost savings or improve our operating performance as a result of our past, current and future cost cutting activities. We also cannot assure you that our cost cutting activities will not adversely affect our ability to retain key employees, the significant loss of whom could adversely affect our operating results. Further, as a result of our cost cutting activities, we may not have the appropriate level of resources and personnel to appropriately react to significant changes or fluctuations in the market and in the level of demand for our programming and services.

Our ability to increase our revenue is significantly dependent on advertising rates, which rates could be negatively impacted by the introduction of The Portable People Meter.

Arbitron Inc., the supplier of ratings data for United States radio markets, has developed new electronic audience measurement technology to collect data for its ratings service known as The Portable People Meter™, or PPM™. The PPM™ measures the audience of radio stations remotely without requiring listeners to keep a manual diary of the stations they listen to. To date, the PPM™ has been implemented in fifteen markets (including nine of the top 10 markets) and, in ratings books released to date, has reported substantially lower audience ratings for certain of our key radio affiliates than the traditional diary methodology previously used by the radio industry. As the PPM™ is instituted in more markets, it is unclear whether the audience ratings posted by it will continue to be significantly lower and if so, what effect this may have on advertising rates as our advertisers become more knowledgeable about the advantages of the PPM™. While we have to date experienced a decline in our local ad revenue, we are unable to determine at this time how much of such decline is a result of the general economic environment versus a decline in audience. If the PPM™ continues to report lower audience ratings than the traditional diary methodology and the rates we charge our advertisers are materially impacted by such results, our revenue would be materially and adversely affected.

Our ability to grow our Metro business revenue may be adversely affected by the increased proliferation of free of charge traffic content to consumers.

Our Metro business produces and distributes traffic and other local information reports to approximately 2,300 radio and television affiliates and we derive the substantial majority of the revenue attributed to this division from the sale of commercial advertising inventory embedded within these reports. Recently, the U.S. Department of Transportation and other regional and local departments of transportation have significantly increased their direct provision of real-time traffic and traveler information to the public free of charge. The ability to obtain this information free of charge may result in our radio and television affiliates

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electing not to utilize the traffic and local information reports produced by our Metro business, which in turn could adversely affect our revenue from the sale of advertising inventory embedded in such reports.

We may require additional financing to fund our working capital, debt service, capital expenditures or other capital requirements and the ongoing global credit market disruptions have reduced access to credit and created higher costs of obtaining financing.

Our primary source of liquidity is cash flow from operations, which has been adversely impacted by the decline in our advertising revenue. Based on our current and anticipated levels of operations, we believe that cash flow from operations as well as cash on hand (including amounts drawn or available under our Senior Credit Facility) will enable us to meet our working capital, capital expenditure, debt service and other capital requirements for at least the next 12 months. However, our ability to fund our working capital needs, debt service and other obligations, and to comply with the financial covenants under our financing agreements depends on our future operating performance and cash flow, which are subject to prevailing economic conditions and other factors, many of which are beyond our control. If our future operating performance does not meet our expectations or our plans materially change in an adverse manner or prove to be materially inaccurate, we may need additional financing. There can be no assurance that such financing, if permitted under the terms of our financing agreements, will be available on terms acceptable to us or at all. Additionally, disruptions in the credit markets make it harder and more expensive to obtain financing. If available financing is limited or we are forced to fund our operations at a higher cost, these conditions may require us to curtail our business activities and increase our cost of financing, both of which could reduce our profitability or increase our losses. The inability to obtain additional financing in such circumstances could have a material adverse effect on our financial condition and on our ability to meet our obligations.

We have a significant amount of indebtedness, which could adversely affect our liquidity and future business operations if our operating income declines more than we currently anticipate.

As of the date of this prospectus, we have approximately $118.4 million in aggregate principal amount of Senior Notes outstanding, which bear interest at a rate of 15.0%, and a Senior Credit Facility consisting of: (x) a $20 million term loan and (y) a $15 million revolving line of credit which we intend to borrow against in the future. Loans under our Senior Credit Facility bear interest at LIBOR plus 4.5% (with a LIBOR floor of 2.5%) or a base rate plus 4.5% (with a base rate floor equal to the greater of 3.75% or the one-month LIBOR rate). Our ability to service our debt will depend on competitive pressures and our financial performance in an uncertain and unpredictable economic environment. Further, our Senior Notes and Senior Credit Facility restrict our ability to incur additional indebtedness. If our operating income declines more than we currently anticipate, resulting in an inability to incur additional indebtedness under the terms of our outstanding indebtedness, and we are unable to obtain a waiver to increase our indebtedness or successfully raise funds through an issuance of equity, we could have insufficient liquidity which would have a material adverse effect on our business, financial condition and results of operations.

Our failure to obtain or retain the rights in popular programming could adversely affect our revenue.

Our revenue from our radio programming and television business is dependent on our continued ability to anticipate and adapt to changes in consumer tastes and behavior on a timely basis. We obtain a significant portion of our popular programming from third parties. For example, some of our most widely heard broadcasts, including certain NFL games, are made available based upon programming rights of varying duration that we have negotiated with third parties. Competition for popular programming that is licensed from third parties is intense, and due to increased costs of such programming or potential capital constraints, we may be outbid by our competitors for the rights to new, popular programming or in connection with the renewal of popular programming currently licensed by us. Our failure to obtain or retain rights to popular content could adversely affect our revenue.

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Our business is subject to increased competition resulting from new entrants into our business, consolidated companies and new technology/platforms, each of which has the potential to adversely affect our business.

Our business segments operate in a highly competitive environment. Our radio and television programming competes for audiences and advertising revenue directly with radio and television stations and other syndicated programming, as well as with other media such as satellite radio, newspapers, magazines, cable television, outdoor advertising, direct mail and, more increasingly, digital media. We may experience increased audience fragmentation caused by the proliferation of new media platforms, including the Internet and video-on-demand and the deployment of portable digital devices and new technologies which allow consumers to time shift programming, make and store digital copies and skip or fast-forward through advertisements. New or existing competitors may have resources significantly greater than our own and, in particular, the consolidation of the radio industry has created opportunities for large radio groups, such as Clear Channel Communications, CBS Radio and Citadel Broadcasting Corporation to gather information and produce radio and television programming on their own. Increased competition, in part, has resulted in reduced market share, and could result in lower audience levels, advertising revenue and cash flow. There can be no assurance that we will be able to compete effectively, be successful in our efforts to regain market share and increase or maintain our current audience ratings and advertising revenue. To the extent we experience a further decline in audience for our programs or the cost of programming continues to increase, we may be unable to retain the rights to popular programs and advertisers willingness to purchase our advertising could be further reduced. Additionally, audience ratings and performance-based revenue arrangements are subject to change based on the competitive environment and any adverse change in a particular geographic area could have a material and adverse effect on our ability to attract not only advertisers in that region, but national advertisers as well.

In recent years, digital media platforms and the offerings thereon have increased significantly and consumers are playing an increasingly large role in dictating the content received through such mediums. We face increasing pressure to adapt our existing programming as well as to expand the programming and services we offer to address these new and evolving digital distribution channels. Advertising buyers have the option to filter their messages through various digital platforms and as a result, many are adjusting their advertising budgets downward with respect to traditional advertising mediums such as radio and television or utilizing providers who offer one-stop shopping access to both traditional and alternative distribution channels. If we are unable to offer our broadcasters and advertisers an attractive full suite of traditional and new media platforms and address the industry shift to new digital mediums, our operating results may be negatively impacted.

Our Senior Credit Facility and Senior Notes contain various covenants which, if not complied with, could accelerate repayment under such indebtedness, thereby materially and adversely affecting our financial condition and results of operations.

Our Senior Credit Facility and Senior Notes require us to comply with certain financial and operational covenants. These covenants include, without limitation:

- restrictions on our ability to incur debt, incur liens, make investments, make capital expenditures, consummate acquisitions, pay dividends, sell assets and enter into mergers and similar transactions; and

- a maximum senior leverage ratio (expressed as the principal amount of Senior Notes over our consolidated EBITDA (as defined in our Senior Credit Facility) measured on a trailing, four-quarter basis) which is 6.25 to 1.0 on December 31, 2009 but begins to decline on a quarterly basis thereafter, including to a 4.5 to 1.0 ratio on December 31, 2010 and a 3.5 to 1.0 ratio on December 31, 2011.

We can not make any assurances that we will remain in compliance with these agreements, particularly if the advertising environment remains weak or our operating income continues to decline. Failure to comply with these covenants would result in a default under our Senior Credit Facility and Senior Notes that, if we

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were unable to obtain a waiver from the lenders or holders thereof, could accelerate repayment under the Senior Credit Facility and Senior Notes and thereby have a material adverse impact on our business.

The cost of our indebtedness has increased substantially, which, when combined with our recent declining revenue, further affects our liquidity and could limit our ability to implement our business plan and respond competitively.

As a result of our recently completed recapitalization transactions, the annual interest payments on our debt increased from approximately $12 million to $19 million, $7 million of which will be paid in kind. If the economy continues in recession and advertisers continue to maintain reduced budgets which do not recover in 2009, we may be required to delay the implementation or reduce the scope of our business plan and our ability to develop or enhance our services or programs could be curtailed. Without additional revenue and capital, we may be unable to take advantage of business opportunities, such as acquisition opportunities or securing rights to marquee or popular programming, or respond to competitive pressures. If any of the foregoing should occur, this could have a material and adverse effect on our business.

If we are not able to integrate future acquisitions successfully, our operating results could be harmed.

We evaluate acquisitions on an ongoing basis and intend to pursue acquisitions of businesses in our industry and related industries that can assist us in achieving our growth strategy. The success of our future acquisition strategy will depend on our ability to identify, negotiate, complete and integrate acquisitions and, if necessary, to obtain satisfactory debt or equity financing to fund those acquisitions. Mergers and acquisitions are inherently risky, and any mergers and acquisitions we do complete may not be successful. Any mergers and acquisitions we do may involve certain risks, including, but not limited to, the following:

- difficulties in integrating and managing the operations, technologies and products of the companies we acquire;
- diversion of our management s attention from normal daily operations of our business;
- our inability to maintain the key business relationships and reputations of the businesses we acquire;
- uncertainty of entry into markets in which we have limited or no prior experience or in which competitors have stronger market positions;
- our dependence on unfamiliar affiliates and partners of the companies we acquire;
- insufficient revenue to offset our increased expenses associated with the acquisitions;
- our responsibility for the liabilities of the businesses we acquire; and
- potential loss of key employees of the companies we acquire.

Our success is dependent upon audience acceptance of our content, particularly our radio programs, which is difficult to predict.

Revenue derived from the production and distribution of radio programs depend primarily upon their acceptance by the public, which is difficult to predict. The commercial success of a radio program also depends upon the quality and acceptance of other competing programs released into the marketplace at or near the same time, the availability of alternative forms of entertainment activities, general economic conditions and other tangible and intangible factors, all of which are difficult to predict. Rating points are also factors that are weighed when determining the advertising rates that we receive. Poor ratings can lead to a reduction in pricing and advertising revenue. Consequently, low public acceptance of our content, particularly our radio programs, could have an adverse effect on our results of operations.

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

The radio broadcasting industry has continued to experience significant change, including a significant amount of consolidation in recent years and increased business transactions by key players in the radio industry (*e.g.,* Clear Channel, Citadel and CBS Radio). Certain major station groups have: (1) modified overall amounts of commercial inventory broadcast on their radio stations; (2) experienced significant declines in audience; and (3) increased their supply of shorter duration advertisements, in particular the amount of 10 second inventory, which is directly competitive to us. To the extent similar initiatives are adopted by other major station groups, this could adversely impact the amount of commercial inventory made available to us or increase the cost of such commercial inventory at the time of renewal of existing affiliate agreements. Additionally, if the size and financial resources of certain station groups continue to increase, the station groups may be able to develop their own programming as a substitute to that offered by us or, alternatively, they could seek to obtain programming from our competitors. Any such occurrences, or merely the threat of such occurrences, could adversely affect our ability to negotiate favorable terms with our station affiliates, attract audiences and attract advertisers. If we do not succeed in these efforts, our operating results could be adversely affected.

We may be required to recognize further impairment charges.

On an annual basis and upon the occurrence of certain events, we are required to perform impairment tests on our identified intangible assets with indefinite lives, including goodwill, which testing could impact the value of our business. In 2006, our results were adversely affected by goodwill impairment charges of approximately $516 million. At December 31, 2008, we determined that our goodwill was impaired and recorded an impairment charge of approximately $224.1 million, which is in addition to the impairment charge of approximately $206.1 million taken on June 30, 2008. The remaining book value of our goodwill at December 31, 2008 and March 31, 2009 was approximately $34.0 million. In connection with our Restructuring and the requisite adoption of the purchase method of accounting, we estimated new fair values of our tangible and intangible assets, which based on our preliminary calculations included a revalued goodwill of $49.4 million and intangible assets of $140.8 million, both of which will be tested for impairment in the future. Unanticipated differences to our forecasted operational results and cash flows could require a provision for further impairment that could significantly affect our reported earnings in a period of such change.

Risks Relating to this Offering and Ownership of Our Common Stock

The market price of our common stock may fluctuate significantly.

The price of the common stock that will prevail in the market after this offering may be higher or lower than the price you pay. The market price and liquidity of the market for shares of our common stock may be significantly affected by numerous factors, including some which are beyond our control and may not be directly related to our operating performance. These factors include those described above under Risks Related to Our Business and Industry and the following:

- termination or expiration of one or more of our key contracts;
- announcements by us or our competitors of significant contracts, productions, projects, acquisitions, strategic investments or capital commitments;
- changes in earnings estimates or recommendations by analysts who cover our common stock;
- variations in our quarterly operating results or the quarterly financial results of companies perceived to be competitors or similar to us;
- changes in our capital structure, such as future issuances of securities, sales of large blocks of common stock by our stockholders or the incurrence of additional debt; and

changes in general economic and market conditions.

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Sales of additional shares of common stock by Gores could adversely affect the stock price.

Gores Radio Holdings, LLC (Gores) beneficially owns, in the aggregate, 15,257,509 shares of our common stock (or approximately 75.1% of our outstanding common stock prior to this offering). There can be no assurance that Gores at some future time will not, subject to the applicable volume, manner of sale, holding period and limitations of Rule 144 under the Securities Act, sell additional shares of our common stock, which could adversely affect our share price. The perception that these sales might occur could also cause the market price of our common stock to decline. Such sales could also make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate.

We have broad discretion in the use of the net proceeds from this offering, and we may not use these proceeds effectively.

Our management will have broad discretion in the application of the net proceeds from this offering and could spend the proceeds in ways that do not necessarily improve our results of operations or enhance the value of our common stock. Other than using the proceeds for general corporate purposes and working capital, we cannot specify with certainty the uses to which we will apply these net proceeds. The failure by our management to apply these funds effectively could result in financial losses that could have a material adverse effect on our business or financial condition and could cause the price of our common stock to decline.

Gores will be able to exert significant influence over us and our significant corporate decisions and may act in a manner that advances its best interest and not necessarily those of other stockholders.

As a result of its beneficial ownership of 15,257,509 shares of our common stock, or approximately 75.1% of our voting power, Gores has voting control over our corporate actions. For so long as Gores continues to beneficially own shares of common stock (including preferred stock on an as-converted basis) representing more than 50% of the voting power of our common stock, it will be able to elect all of the members of our board of directors and determine the outcome of all matters submitted to a vote of our stockholders, including matters involving mergers or other business combinations, the acquisition or disposition of assets, the incurrence of indebtedness, the issuance of any additional shares of common stock or other equity securities and the payment of dividends on common stock. Gores may act in a manner that advances its best interests and not necessarily those of other stockholders by, among other things:

- delaying, deferring or preventing a change in control;
- impeding a merger, consolidation, takeover or other business combination;
- discouraging a potential acquirer from making a tender offer or otherwise attempting obtain control; or
- causing us to enter into transactions or agreements that are not in the best interests of all stockholders.

Our common stock may not maintain an active trading market and listing on a nationally recognized exchange which could affect the liquidity and market price of your common stock.

As a result of the decline in our stock price, our common stock was delisted from the New York Stock Exchange as of November 24, 2008 and since that date has traded over-the-counter on the OTC Bulletin Board. As part of this offering, we intend to apply to list our common stock on the NASDAQ Capital Market. However, there can be no assurance that following this offering an active trading market on the NASDAQ Capital Market will be maintained, that our common stock price will increase or that our common stock will continue to trade on the exchange for any specific period of time. If we are unable to maintain our listing on the NASDAQ Capital Market, we may be subject to loss of confidence by customers and investors and the market price and liquidity of our shares may be affected.

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We do not anticipating paying dividends on our common stock.

We do not anticipate paying any cash dividends on our common stock in the foreseeable future. We currently anticipate that we will retain all of our available cash, if any, for use as working capital and for other general corporate purposes. Any payment of future cash dividends will be at the discretion of our board of directors and will depend upon, among other things, our earnings, financial condition, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that our board of directors deems relevant. Investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize a return on their investment. Investors seeking cash dividends should not purchase shares of our common stock. In addition, our Senior Credit Facility and the Senior Notes restrict the payment of dividends.

Provisions in our restated certificate of incorporation and by-laws and Delaware law may discourage, delay or prevent a change of control of our company or changes in our management and, therefore, depress the trading price of our common stock.

Provisions of our restated certificate of incorporation and by-laws and Delaware law may discourage, delay or prevent a merger, acquisition or other change in control that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares of our common stock. These provisions may also prevent or frustrate attempts by our stockholders to replace or remove our management. The existence of the foregoing provisions and anti-takeover measures could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquirers of our company, thereby reducing the likelihood that you could receive a premium for your common stock in an acquisition.

In addition, we are subject to the provisions of Section 203 of the Delaware General Corporation Law, which may prohibit certain business combinations with stockholders owning 15% or more of our outstanding voting stock. This provision of the Delaware General Corporation Law could delay or prevent a change of control of our company, which could adversely affect the price of our common stock.

Any issuance of shares of preferred stock by us could delay or prevent a change of control of our company, dilute the voting power of the common stockholders and adversely affect the value of our common stock.

Our board of directors has the authority to cause us to issue, without any further vote or action by the stockholders, up to 10,000,000 shares of preferred stock, in one or more series, to designate the number of shares constituting any series, and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, voting rights, rights and terms of redemption, redemption price or prices and liquidation preferences of such series. To the extent we choose to issue preferred stock, any such issuance may have the effect of delaying, deferring or preventing a change in control of our company without further action by the stockholders, even where stockholders are offered a premium for their shares.

The issuance of shares of preferred stock with voting rights may adversely affect the voting power of the holders of our other classes of voting stock either by diluting the voting power of our other classes of voting stock if they vote together as a single class, or by giving the holders of any such preferred stock the right to block an action on which they have a separate class vote even if the action were approved by the holders of our other classes of voting stock.

The issuance of shares of preferred stock with dividend or conversion rights, liquidation preferences or other economic terms favorable to the holders of preferred stock could adversely affect the market price for our common stock by making an investment in the common stock less attractive. For example, investors in the common stock may not wish to purchase common stock at a price above the conversion price of a series of convertible preferred stock because the holders of the preferred stock would effectively be entitled to purchase common stock at the lower conversion price causing economic dilution to the holders of common stock.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference contain forward-looking statements that involve risks and uncertainties, which are based on beliefs, expectations, estimates, projections, forecasts, plans, anticipations, targets, outlooks, initiatives, visions, objectives, strategies, opportunities, drivers and intents of our management. Such statements are made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements include, without limitation, our expectations and estimates (whether qualitative or quantitative) as to our intention and ability, including as a result of market conditions or restrictions under our credit agreements, other contractual arrangements or applicable law, to issue securities pursuant to this prospectus. In addition to factors that may be described in this prospectus and the documents incorporated by reference, our determination not to, or difficulties, delays or unanticipated costs in or our inability to, including as a result of market conditions or restrictions under our indentures, credit agreements, other contractual arrangement or applicable law, issue securities pursuant to this prospectus, among others factors, could cause our actual results to differ materially from those expressed in any forward-looking statements made by us. While we believe that our estimates and assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, impossible for us to anticipate all factors that could affect our actual results. We discuss certain of these risks in greater detail in the Risk Factors section of this prospectus. Our actual results may differ materially from those discussed in such forward-looking statements.

Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as believes, expects, estimates, projects, forecasts, plans, anticipates, targets, outlooks, initiatives, visions, objectives, strategies, opportunities, drivers, seeks, may, will, or should or the negative of those terms, or other variations of those terms or comparable language, or by discussions of strategy, plans, targets, models or intentions. Forward-looking statements speak only as of the date they are made, and except for our ongoing obligations under the U.S. federal securities laws, we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements.

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USE OF PROCEEDS

We estimate that the net proceeds from the sale of shares by us in the offering, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, will be $ million, assuming a public offering price of $ per share, which was the last reported sale price of our common stock on , 2009. We will not receive any proceeds from the sale of common stock by the selling stockholders.

The principal purposes of this offering are to obtain additional capital and to increase the liquidity of our common stock. We anticipate that we will use the net proceeds of this offering for general corporate purposes and working capital, which may include:

- pursuit of possible acquisitions of complementary businesses or other assets such as TrafficLand (if we choose to exercise our purchase option, as described elsewhere in this prospectus);

- funding our growth initiatives; and

- repayment of our outstanding indebtedness.

We have no definitive agreements or commitments with respect to any of the above activities. Our management may decide to change the use of the net proceeds from this offering if opportunities or needs arise. Such opportunities and needs could include payment of certain contractual obligations, the need to make increased capital or operating expenditures if we change our business plan, or payment of an unexpected liability. Pending these uses, we intend to invest the net proceeds in high quality, investment grade U.S. government-backed obligations. The actual use of the proceeds may vary significantly and will depend on a number of factors, including our future revenue and cash generated by operations and the other factors described in the section entitled Risk Factors appearing elsewhere in this prospectus. Accordingly, our management will have broad discretion in applying the net proceeds of this offering.

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DIVIDEND POLICY

We last declared a dividend on our common stock on March 6, 2007, when our Board of Directors declared a cash dividend of $0.02 per share for every issued and outstanding share of common stock and $0.016 per share for every issued and outstanding share of Class B stock.

We do not anticipate paying any cash dividends in the foreseeable future. Instead, we anticipate that all of our earnings, if any, in the foreseeable future will be used to repay debt, for working capital, to support our operations and to finance the growth and development of our business. Any future determination relating to dividend policy will be made at the discretion of our board of directors and will depend on a number of factors, including restrictions in our debt instruments, our future earnings, capital requirements, financial condition, future prospects and other factors that the board of directors may deem relevant. The terms of our Senior Credit Facility and Senior Notes also restrict our ability to pay dividends or make distributions.

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CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2009:

on an actual basis;

on a pro forma basis giving effect to: (i) the refinancing of our outstanding long term indebtedness; (ii) the automatic conversion of all outstanding shares of our Series A-1 Preferred Stock and Series B Preferred Stock into an aggregate of 15,186,081 shares of common stock; (iii) the automatic conversion of all outstanding shares of Class B stock into an aggregate of 1,459 shares of shares of common stock; and (iv) a 200 for 1 reverse stock split of our common stock, each of which we anticipate will occur prior to the consummation of this offering if the stockholders approve the Charter Amendments; and

on a pro forma as adjusted basis to reflect the sale of the shares of our common stock offered by us and the selling stockholders at an assumed public offering price of $ per share, which was the last reported sale price of our common stock on , 2009.

You should read this table together with Management s Discussion and Analysis of Financial Condition and Results of Operations, Description of Capital Stock and our consolidated financial statements and the related notes, each included elsewhere in this prospectus.

	As of March 31, 2009		
	Actual	**Pro Forma**	**Pro Forma As Adjusted**
	(in thousands, except per share data)		
		(unaudited)	
Cash and cash equivalents	$ 7,199	$ 7,199	$
Long-term debt	$ 251,446	$ 117,500(1)	$
Other liabilities	7,049	8,999	
Redeemable Preferred Stock: $0.01 par value: 10,000 shares authorized and 75 shares of 7.5% Series A Convertible Preferred Stock outstanding (liquidation preference $1,000 per share, plus accumulated dividends), actual; 10,000 shares authorized and 0 shares outstanding, pro forma; 10,000 shares authorized and 0 shares outstanding, pro forma as adjusted	79,545	0	
Stockholders (deficit) equity:			
Common stock, $0.01 par value: 300,000 shares authorized and 101,260 outstanding, actual; 5,000,000 shares authorized and 20,308 outstanding, pro forma; 5,000,000 shares authorized and outstanding, pro forma as adjusted	1,013	203	
Class B stock, $.01 par value: 3,000 shares authorized and 292 outstanding; 3,000 shares authorized and 0 shares outstanding, pro forma; 3,000 shares authorized and 0 shares outstanding, pro forma as adjusted	3	0	
Additional paid-in capital	287,293	103,360	
Net unrealized gain	402	0	
Accumulated deficit	(512,734)	0	
Total stockholders (deficit) equity	(224,023)	103,563	
Total capitalization	$ 191,396	$ 352,317	$

(1) In connection with the refinancing of our outstanding indebtedness, we issued $117.5 million of Senior Notes. Additionally, we borrowed the entire amount of the $20.0 million term loan available to us under our Senior Credit Facility on April 23, 2009. The term loan was drawn on subsequent to the completion of the refinancing and is not reflected in the pro forma adjustments.

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This table assumes no exercise by the underwriters of their option to purchase up to an additional shares from us and the selling stockholders to cover over-allotments.

The information in the table above also excludes:

- 32,063 shares of common stock issuable upon exercise of options outstanding as of March 31, 2009 at a weighted average exercise price of $1,450 per share, and 250 shares of common stock issuable upon exercise of options granted after March 31, 2009 at an exercise price of $12.00 per share;

- 29,139 shares of common stock reserved as of March 31, 2009 for future issuance under our 1999 Stock Incentive Plan, and an additional 10,862 shares of common stock reserved for issuance after March 31, 2009; and

- 2,895 shares of common stock reserved as of March 31, 2009 for future issuance under our 2005 Equity Incentive Plan, and an additional 43,106 shares of common stock reserved for issuance after March 31, 2009, of which 42,856 remain available for grant after taking into account options granted after March 31, 2009.

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SELECTED CONSOLIDATED AND OTHER FINANCIAL DATA

The following tables summarize our consolidated financial and other data. The consolidated statements of operations data for the fiscal years ended December 31, 2006, 2007 and 2008 and the consolidated balance sheet data as of December 31, 2006, 2007 and 2008 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The consolidated statement of operations data for the fiscal years ended December 31, 2004 and 2005 and the consolidated balance sheet data as of December 31, 2004 and 2005 have been derived from our audited financial statements not included in this prospectus. The consolidated statement of operations data for the three months ended March 31, 2008 and 2009, and the consolidated balance sheet data as of March 31, 2008 and 2009, have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements have been prepared on a basis consistent with our audited financial statements and include, in the opinion of management, all adjustments that management considers necessary for the fair statement of the financial information set forth in those financial statements. The following financial data should be read in conjunction with, and is qualified by reference to, our consolidated financial statements and related notes and schedule included elsewhere in this prospectus and the information under Management s Discussion and Analysis of Financial Condition and Results of Operations. Our historical results are not necessarily indicative of the results to be expected in any future period.

	Year Ended December 31,					Three Months Ended March 31,	
	2004(1)	2005(1)	2006	2007	2008	2008	2009
	(in thousands, except per share data)					(unaudited)	
Consolidated Statements of Operations Data:							
Revenue	$ 562,246	$ 557,830	$ 512,085	$ 451,384	$ 404,416	$ 106,627	$ 85,867
Operating Costs	379,097	378,998	395,196	350,440	360,492	94,229	91,393
Goodwill Impairment			515,916		430,126		
Depreciation and Amortization	18,429	20,826	20,756	19,840	11,052	3,976	2,063
Corporate General and Administrative Expenses	13,596	14,028	14,618	13,171	13,442	3,466	2,766
Restructuring Charges					14,100		3,440
Special Charges			1,579	4,626	13,245	7,956	5,809
Operating (Loss) Income	151,124	143,978	(435,980)	63,307	(438,041)	(3,000)	(19,604)
Net (Loss) Income	86,955	77,886	(469,453)	24,368	(427,563)	(5,338)	(15,186)
(Loss) Income Per Basic Share							
Common stock	$ 0.90	$ 0.86	$ (5.46)	$ 0.28	$ (4.39)	$ (0.06)	$ (0.17)
Class B stock	$	$ 0.24	$ 0.26	$ 0.02	$	$	$
(Loss) Income Per Diluted Share							
Common stock	$ 0.88	$ 0.85	$ (5.46)	$ 0.28	$ (4.39)	$ (0.06)	$ (0.17)
Class B stock	$	$ 0.24	$ 0.26	$ 0.02	$	$	$
Dividends Declared(2)							
Common stock	$	$ 0.30	$ 0.32	$ 0.02	$	$	$
Class B stock	$	$ 0.24	$ 0.26	$ 0.02	$	$	$

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	2004(1)	2005(1)	As of December 31, 2006 (in thousands)	2007	2008	As of March 31, 2008 (unaudited)	2009
Consolidated Balance Sheet Data:							
Current Assets	$ 174,346	$ 172,245	$ 149,222	$ 138,154	$ 119,468	$ 118,187	$ 102,908
Working Capital / (Deficit)(3)	93,005	72,094	29,313	47,294	(208,034)	(88,458)	25,529
Total Assets	1,262,495	1,239,646	696,701	669,757	205,088	644,011	191,396
Long-Term Debt(3)	359,439	427,514	366,860	345,244		201,783	251,446
Total Shareholders Equity (Deficit)	800,709	704,029	202,931	227,631	(203,145)	229,374	(224,023)

	2004(1)	2005(1)	Year Ended December 31, 2006 (in thousands) (unaudited)	2007	2008	Three Months Ended March 31, 2008	2009
Other Financial Data:							
Adjusted EBITDA(4)	$ 184,397	$ 176,490	$ 114,540	$ 97,378	$ 39,198	$ 11,055	$ (6,940)

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

2. No cash dividend was paid on our common stock or Class B stock in 2004 or 2008. In 2005, our board of directors declared cash dividends of $0.10 per share for every issued and outstanding share of common stock and $0.08 per share for every issued and outstanding share of Class B stock on each of April 29, 2005, August 3, 2005 and November 2, 2005. In 2006, our board of directors declared cash dividends of $0.10 per share for every issued and outstanding share of common stock and $0.08 per share for every issued and outstanding share of Class B stock on each of February 2, 2006, April 18, 2006 and August 7, 2006. Our board of directors declared a cash dividend of $0.02 per share for every issued and outstanding share of common stock and $0.016 per share for every issued and outstanding share of Class B stock on November 7, 2006. Our board of directors declared cash dividends of $0.02 per share for every issued and outstanding share of common stock and $0.016 per share for every issued and outstanding share of Class B stock on March 6, 2007. The payment of dividends is restricted by the terms of our outstanding indebtedness and we do not plan on paying dividends for the foreseeable future.

3. On November 30, 2008, we failed to make the interest payment on our previously outstanding senior notes which constituted an event of default under the then existing senior notes. Accordingly, $249,053 of debt previously considered long-term was re-classified as short-term debt, which resulted in a working capital deficit of $208,034 on December 31, 2008.

4. We define Adjusted EBITDA as net income (loss) from our Statement of Operations adjusted to exclude the following items: interest expense, income tax, depreciation and amortization (EBITDA), as adjusted for goodwill impairment, restructuring and special charges and non-cash stock-based compensation. Adjusted EBITDA is a non-GAAP financial measure (i.e., it is not a measure of financial performance under generally accepted accounting principles) and should not be considered in isolation or as a substitute for consolidated statements of operations and cash flow data prepared in accordance with GAAP.

We use Adjusted EBITDA to, among other things, evaluate our operating performance, forecast and plan for future periods, value prospective acquisitions, and as one of several components of incentive compensation targets for certain management personnel. This measure is an important indicator of our operational strength and performance of our business because it provides a link between profitability

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and operating cash flow. In addition, all of the adjustments made in our calculation of Adjusted EBITDA are adjustments that would be made in calculating our compliance with our leverage ratio covenants under our Senior Credit Facility and Senior Notes. We believe the presentation of this measure is relevant and useful for investors because it allows investors to view performance in a manner similar to the method used by our management, helps improve their ability to understand our operating performance and makes it easier to compare our results with other companies that have different financing and capital structures or tax rates. In addition, this measure is also among the primary measures used externally by our investors, analysts and peers in its industry for purposes of valuation and comparing our operating performance to other companies in our industry.

Since Adjusted EBITDA is not a measure of performance calculated in accordance with GAAP, it should not be considered in isolation of, or as a substitute for, net income as an indicator of operating performance. Adjusted EBITDA as we calculate it, may not be comparable to similarly titled measures employed by other companies. In addition, this measure does not necessarily represent funds available for discretionary use, and is not necessarily a measure of our ability to fund our cash needs. As Adjusted EBITDA excludes certain financial information compared with net income, the most directly comparable GAAP financial measure, users of this financial information should consider the types of events and transactions which are excluded. A reconciliation of Adjusted EBITDA to net income (loss) is provided below.

	Year Ended December 31,					Three Months Ended March 31,	
	2004	**2005**	**2006**	**2007**	**2008**	**2008**	**2009**
			(in thousands)			**(unaudited)**	
Net income (loss)	$ 86,955	$ 77,886	$ (469,453)	$ 24,368	$ (427,563)	$ (5,338)	$ (15,186)
Plus: Income taxes (benefit)	53,206	49,217	8,809	15,724	(14,760)	(3,020)	(7,381)
Plus: Interest expense(a)	10,963	16,875	25,590	23,626	16,651	5,399	3,263
Plus: Depreciation and amortization	18,429	20,826	20,756	19,840	11,052	3,976	2,063
Plus: Goodwill impairment, restructuring & special charges(b)			516,569	4,214	448,375	7,915	8,949
Plus: Non-cash stock-based compensation	14,844	11,686	12,269	9,606	5,443	2,123	1,352
Adjusted EBITDA	$ 184,397	$ 176,490	$ 114,540	$ 97,378	$ 39,198	$ 11,055	$ (6,940)

(a) Interest expense for the fiscal years 2004 and 2005 includes other income of $948,000 and $1.44 million, respectively.

(b) The line item Goodwill impairment, restructuring & special charges also includes other income for the periods of the three months ended March 31, 2008 and 2009 and fiscal years 2006, 2007 and 2008 of $41,000, $300,000, $926,000, $411,000 and $12,369,000, respectively.

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UNAUDITED PRO FORMA FINANCIAL INFORMATION

As part of the Restructuring, our then existing debtholders released all of their existing obligations in exchange for (1) $117.5 million of Senior Notes, (2) 34,962 shares of Series B Preferred Stock, which will be converted into 5,077,259 shares of common stock if the stockholders approve the Charter Amendments, and (3) a one-time cash payment of $25.0 million. We also entered into the Senior Credit Facility pursuant to which we have a $15.0 million revolving line of credit and a $20.0 million unsecured non-amortizing term loan. As of May 31, 2009, we had borrowed the entire amount under the term loan and we had not made any borrowings under the revolving line of credit.

In addition, Gores (1) agreed to purchase, at a discount, certain debt held by debt holders who did not wish to participate in the new notes, (2) agreed to guarantee the Senior Credit Facility and a $10.0 million contractual commitment by one of our wholly owned subsidiaries and (3) invested $25.0 million in the Company for 25,000 shares of Series B Preferred Stock. In connection with Gores providing the guarantees and purchasing the debt from non-participating holders, the 75,000 shares of Series A Preferred Stock held by Gores immediately prior to the refinancing, which then had a liquidation preference of approximately $79.0 million, were exchanged for 75,000 shares of Series A-1 Preferred Stock with a per share conversion price which provided Gores with an approximately 54.4% interest in the Company after the refinancing. Taking into account Gores Series B Preferred Stock, Series A-1 Preferred Stock and common stock, upon the consummation of the Restructuring, Gores ownership in the Company increased from approximately 36% to 75.1%. Accordingly, the Restructuring, when considering the ownership held by Gores as well as the ownership held by our then existing debt holders, constituted a change of control transaction that requires us to follow the purchase method of accounting, as described by Statement of Financial Accounting Standards (SFAS) 141R, Business Combinations (SFAS 141R).

We have considered the ownership held by Gores and our then existing debt holders as a collaborative group in accordance with Emerging Issues Task Force D-97, Push Down Accounting . As a result, we will follow the acquisition method of accounting, as described by SFAS 141R, and will apply the SEC rules and guidance regarding push down accounting treatment. Accordingly, in future filings our consolidated financial statements and transactional records prior to the closing of the Restructuring will reflect the historical accounting basis in our assets and liabilities and be labeled predecessor company, while such records subsequent to the Restructuring will be labeled successor company and will reflect the push down basis of accounting for the new fair values in our financial statements. This will be presented in our consolidated financial statement by a vertical black line division which will appear between the columns entitled predecessor company and successor company on the statements and relevant notes. The black line signifies that the amounts shown for the periods prior to and subsequent to the Restructuring are not comparable.

For purposes of this prospectus we have prepared the following pro forma financial statements which reflect information currently available to management and assumptions management believes to be reasonable.

The following unaudited pro forma financial information is derived from our unaudited historical financial statements as of and for the three months ended March 31, 2009 and from the audited historical financial statements for the twelve months ended December 31, 2008 and reflect the Restructuring, the resultant acquisition accounting and the conversion of the Class B stock, the Series A-1 Preferred Stock and the Series B Preferred Stock to common stock and the effects of the 200:1 reverse stock split which we anticipate will occur on June 26, 2009 if the stockholders approve the Charter Amendments, as if each had been consummated on March 31, 2009. We prepared the unaudited pro forma financial information using the acquisition method of accounting, which is based on SFAS 141R. SFAS 141R uses the fair value concepts defined in SFAS No. 157, Fair Value Measurements (FAS 157). The pro forma adjustments and related assumptions are described in the accompanying notes presented on the following pages. The pro forma adjustments are based upon best available information and certain assumptions that our management believes are reasonable. The unaudited pro forma balance sheet as of March 31, 2009 has been prepared as if these events had occurred on that date. The unaudited pro forma statements of operations for the year ended December 31, 2008 and the three months ended March 31, 2009 give effect to these events as if each had occurred on January 1, 2008.

The pro forma adjustments are preliminary and have been made solely for purposes of developing the pro forma financial information for illustrative purposes necessary to comply with the requirements of the SEC. The actual results reported in periods following the transactions may differ significantly from those reflected in these pro forma financial statements for a number of reasons, including but not limited to, differences between the assumptions used to prepare these pro forma financial statements and actual amounts. In addition, no adjustments have been made for non-recurring items related to the transactions. As a result, the pro forma information does not purport to be indicative of what the financial condition or results of operations would have been had the transactions been completed on the applicable dates of this pro forma financial information. The pro forma financial statements are based upon historical financial statements and do not purport to project the future financial condition and results of operations after giving effect to the transactions.

The pro forma adjustments described below have been developed based on assumptions and adjustments, including assumptions relating to the purchase price and the allocation thereof to the assets acquired and liabilities assumed based on preliminary estimates of fair value. The final purchase price allocation could differ from that reflected in the pro forma financial statements after final valuation procedures are performed and amounts are finalized following the completion of the valuation.

The following unaudited pro forma financial information should be read in conjunction with, and is qualified by reference to, our consolidated financial statements as of December 31, 2008 and for each of the years in the three-year period ended December 31, 2008, including the accompanying notes thereto, which are included in this prospectus and our unaudited consolidated financial statements as of March 31, 2009 and for each of the three-month periods ended March 31, 2009 and 2008, including the accompanying notes thereto, which are included in this prospectus, and the information under Management s Discussion and Analysis of Financial Condition and Results of Operations.

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UNAUDITED PRO FORMA BALANCE SHEET

MARCH 31, 2009

(In thousands, except share and per share amounts)

	Historical	Pro Forma Adjustments Acquisition Related	Pro Forma Adjustments Conversion Related/Stock Split	Pro Forma
Assets				
Current Assets:				
Cash and cash equivalents	$ 7,199			$ 7,199
Accounts receivable	81,080			81,080
Prepaid and other assets	14,629			14,629
Total Current Assets	102,908			102,908
Property and equipment	29,546	7,205 (H)		36,751
Goodwill	33,988	15,359 (B)		49,347
Intangible assets	2,477	138,313 (C)		140,790
Deferred tax asset	19,712			19,712
Other assets	2,765	44 (A)(H)		2,809
Total Assets	$ 191,396	$ 160,921	$	$ 352,317
Liabilities, Redeemable Preferred Stock and Shareholders Equity (Deficit)				
Current Liabilities:				
Accounts payable	$ 20,770			$ 20,770
Amounts payable to related parties	24,225			24,225
Deferred revenue	2,587	(1,172)(G)		1,415
Accrued expenses and other liabilities	29,797			29,797
Total Current Liabilities	77,379	(1,172)		76,207
Long-term debt	251,446	(133,946)(A)		117,500
Deferred tax liability		46,048 (C)		46,048
Other liabilities	7,049	1,950 (C)		8,999
Total Liabilities	335,874	(87,120)		248,754
Commitments and Contingencies				
Series A Redeemable Preferred Stock	79,545	(79,545)(D)		
Series A-1 Redeemable Preferred Stock		56,244 (D)	(56,244)(F)	
Series B Redeemable Preferred Stock				
Series B Redeemable Preferred Stock		44,160 (E)	(44,160)(F)	
Total Redeemable Preferred Stock	79,545	20,859	(100,404)	
Shareholders Equity (Deficit)				
Common stock	1,013		(810)(F)	203
Class B stock	3		(3)(F)	
Additional paid-in capital	287,293	(285,150)(B)	101,217 (F)	103,360

Net unrealized gain	402	(402)(B)		
Accumulated deficit	(512,734)	512,734 (B)		
Total Shareholders Equity (Deficit)	(224,023)	227,182	100,404	103,563
Total Liabilities, Redeemable Preferred Stock and Shareholders Equity (Deficit)	$ 191,396	$ 160,921	$	$ 352,317

See accompanying notes to the unaudited pro forma financial information

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UNAUDITED PRO FORMA STATEMENT OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2009

(In thousands, except share and per share amounts)

		Pro Forma Adjustments		
	Historical	**Acquisition Related**	**Conversion Related/Stock Split**	**Pro Forma**
Net Revenue	$ 85,867			$ 85,867
Operating Costs (includes related party expenses of $20,020)	91,393	(325)(C)		91,068
Depreciation and Amortization	2,063	3,223 (J)(H)		5,286
Corporate General and Administrative Expenses	2,766			2,766
Restructuring Charges	3,440			3,440
Special Charges (includes related party expenses of $1,713)	5,809			5,809
	105,471	2,898		108,369
Operating (Loss)	(19,604)	(2,898)		(22,502)
Interest Expense	3,263	1,561 (I)		4,824
Other Income	(300)			(300)
(Loss) Before Income Tax	(22,567)	(4,459)		(27,026)
Income Tax (Benefit) Expense	(7,381)	(391)(K)		(7,772)
Net (Loss)	$ (15,186)	$ (4,068)	$	$ (19,254)
(Loss) Per Share				
Common Stock				
Basic	$ (0.17)			$ (0.95)
Diluted	$ (0.17)			$ (0.95)
Class B Stock				
Basic	$			$
Diluted	$			$
Weighted Average Shares Outstanding:				
Common Stock				
Basic	98,074		(77,764)(F)(L)	20,310
Diluted	98,074		(77,764)	20,310
Class B Stock				
Basic	292		(292)(F)(L)	
Diluted	292		(292)	

See accompanying notes to the unaudited pro forma financial information

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UNAUDITED PRO FORMA STATEMENT OF OPERATIONS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2008

(In thousands, except share and per share amounts)

		Pro Forma Adjustments		
	Historical	Acquisition Related	Conversion Related/Stock Split	Pro Forma
Net Revenue	$ 404,416			$ 404,416
Operating Costs (includes related party expenses of $73,049)	360,492	(1,300)(C)		359,192
Depreciation and Amortization (includes related party warrant amortization of $1,618)	11,052	21,377 (J)(H)		32,429
Corporate General and Administrative Expenses (includes related party expenses of $610)	13,442			13,442
Goodwill Impairment	430,126			430,126
Restructuring Charges	14,100			14,100
Special Charges (includes related party expenses of $5,000)	13,245			13,245
	842,457	20,077		862,534
Operating (Loss)	(438,041)	(20,077)		(458,118)
Interest Expense	16,651	3,183 (I)		19,834
Other Income	(12,369)			(12,369)
(Loss) Before Income Tax	(442,323)	(23,260)		(465,583)
Income Tax (Benefit) Expense	(14,760)	9,875 (K)		(4,885)
Net (Loss)	$ (427,563)	$ (33,135)	$	$ (460,698)
(Loss) Per Share				
Common Stock				
Basic	$ (4.39)			$ (22.68)
Diluted	$ (4.39)			$ (22.68)
Class B Stock				
Basic	$			$
Diluted	$			$
Weighted Average Shares Outstanding:				
Common Stock				
Basic	98,015		(77,705)(F)(L)	20,310
Diluted	98,015		(77,705)	20,310
Class B Stock				
Basic	292		(292)(F)(L)	

Diluted	292	(292)

See accompanying notes to the unaudited pro forma financial information

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NOTES TO UNAUDITED PRO FORMA FINANCIAL STATEMENTS

(in thousands, except per share amounts)

Note 1. Basis of Presentation

The unaudited pro forma financial statements were prepared using the acquisition method of accounting under existing U.S. GAAP standards and are based on our historical consolidated financial statements for the twelve months ended December 31, 2008 and as of and for the three months ended March 31, 2009.

The unaudited pro forma balance sheet as of March 31, 2009 has been prepared as if these events had occurred on that date. The unaudited pro forma statements of operations for the year ended December 31, 2008 and the three months ended March 31, 2009 give effect to these events as if each had occurred on January 1, 2008.

The unaudited pro forma financial information was prepared using the acquisition method of accounting, which is based on FAS 141R. which uses the fair value concepts defined in FAS 157. We have adopted both FAS 141R and FAS 157 as required.

FAS 141R requires, among other things, that most assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. In addition, FAS 141R establishes that the consideration transferred be measured at the closing date of the acquisition at the then-current market price. The transaction fees for the acquisition will be expensed as incurred under FAS 141R.

FAS 157 defines the term fair value and sets forth the valuation requirements for any asset or liability measured at fair value, expands related disclosure requirements and specifies a hierarchy of valuation techniques based on the nature of inputs used to develop the fair value measures. Fair value is defined in FAS 157 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This is an exit price concept for the valuation of the asset or liability. In addition, market participants are assumed to be buyers and sellers in the principal market for the asset or liability. Fair value measurements for an asset assume the highest and best use by these market participants. Many of these fair value measurements can be highly subjective and it is also possible that other professionals, applying reasonable judgment to the same facts and circumstances, could develop and support a range of alternative estimated amounts.

The pro forma adjustments described below have been developed based on assumptions and adjustments, including assumptions relating to the purchase price and the allocation thereof to the assets acquired and liabilities assumed based on preliminary estimates of fair value. The final purchase price allocation will differ from that reflected in the pro forma financial statements after final valuation procedures are performed and amounts are finalized following the completion of the valuation.

The unaudited pro forma financial statements are provided for illustrative purposes only and do not purport to represent what our actual consolidated results of operations or consolidated financial position would have been had the acquisition occurred on the dates assumed, nor are they necessarily indicative of our future consolidated results of operations or financial position.

Note 2. Unaudited Pro Forma Adjustments Balance Sheet

The Unaudited Pro Forma Balance Sheet as of March 31, 2009 reflects the Restructuring, the resultant acquisition accounting and the conversion of the Class B stock, the Series A-1 Preferred Stock and the Series B Preferred Stock to common stock and the effects of the 200:1 reverse stock split which we anticipate will occur on June 26, 2009, as if each had been consummated on March 31, 2009. The pro forma balance sheet was prepared using the acquisition method of accounting and gives effect to the following:

A) In connection with the extinguishment of the long-term debt (i.e. the Old Notes and the indebtedness under the Old Credit Agreement), and the incurrence of new indebtedness, $117,500 of Senior Notes was

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booked. Additionally, we borrowed the entire amount of the $20,000 term loan available to us on April 23, 2009. The term loan matures on July 15, 2012 and is guaranteed by our domestic subsidiaries and The Gores Group. The term loan was drawn on subsequent to the completion of the refinancing and is not reflected in the pro forma financial statements and the unamortized portion of deferred debt costs related to our old indebtedness of $358 has been fully written off and is not reflected in the pro forma financial statements.

B) As a result of the Restructuring and the change of control, we will follow the acquisition method of accounting, as described by FAS 141R, Business Combination . Accordingly, the fair value of the new equity is equivalent to the purchase price.

The following is a summary of the allocation of the purchase price to the estimated fair values of assets and liabilities. We have engaged a third party appraisal firm that specializes in valuations for the purpose of assisting us in calculating and estimating the fair values of certain assets and liabilities, such as but not limited to, our leases, trademarks, affiliate and customer relationships, contracts and tangible fixed assets. The pro forma adjustments are based on assumptions relating to the purchase price and the allocation thereof to our assets and liabilities based on preliminary estimates of fair value. The final purchase price and the allocation could differ from that reflected in the pro forma financial statements after final valuation procedures are performed and amounts are finalized following the completion of the exercise. The Series A-1 Preferred Stock and Series B Preferred Stock have been valued at their relative fair value based on our equity value as described above.

Consistent with our 2008 year end analysis of goodwill impairment, we have determined that using a discounted cash flow model is the best estimate of our fair value. The allocation of purchase price is based on underlying assumptions consistent with year end, which remain reasonable, and is subject to further analysis including the completion of a full valuation by a third party appraisal firm which will be reflected in the financial statements that will appear in our Form 10-Q for the quarterly period ended June 30, 2009:

Purchase Price	
Cash and cash equivalents	$ 7,199
Accounts receivable	81,080
Prepaid and other assets	14,629
Property and equipment	36,751
Goodwill	49,347
Intangible assets	140,790
Deferred tax asset	19,712
Other assets	2,809
Accounts payable	(20,770)
Amounts payable to related parties	(24,225)
Deferred revenue	(1,415)
Accrued expenses and other liabilities	(29,797)
Long-term debt	(117,500)
Deferred tax liability	(46,048)
Other liabilities	(8,999)
Total Estimated Purchase Price	$ 103,563

C) In accordance with FAS 141R which is applicable to the Restructuring and the change of control, we have revalued our Goodwill and Intangibles using our best estimate of current fair value. The value assigned to goodwill and indefinite lived intangible assets is not amortized to expense and the majority is not expected to be tax deductible Our client contracts are typically exclusive agreements with our partners and/or talent to provide programming and content over a specified period of time. The values assigned to definite lived assets are amortized over their estimated useful life A 10% change in the estimated lives of the definite lived intangibles would result in an increase or decrease in amortization expense of approximately

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$300 for the three months ended March 31, 2009 and $1,300 for the twelve months ended December 31, 2008. A 10% change in the estimated fair value of the definite lived intangibles would result in an increase or decrease in amortization expense of approximately $300 for the three months ended March 31, 2009 and $2,200 for the twelve months ended December 31, 2008. Amounts are summarized on the table below.

Similarly, in accordance with FAS 141R which is applicable to the Restructuring and the change of control, we have identified a client contract to be valued below market. Accordingly, a liability of $1,900 has been recorded to reflect the estimated fair value of the contract and such amount is being taken to income over the remaining life of the contract.

Intangibles		**For the Twelve Months ended December 31, 2008**		
	Amortization Period	**Opening Balance**	**Amortization**	**Ending Balance**
Affiliate Relationships	10	$ 97,900	$ 9,790	$ 88,110
Trademarks	Indefinite	24,600	0	24,600
Client Contracts	3	9,790	3,263	6,527
Backlog	1	8,500	8,500	
Total		$ 140,790	21,553	$ 119,237
Amortization of previous amount			752	
Adjustment to amortization expense (see (H) for depreciation expense adjustment)			$ 20,801	
		For the Three Months ended March 31, 2009		
Affiliate Relationships	10	$ 88,110	$ 2,448	$ 85,662
Trademarks	Indefinite	24,600	0	24,600
Client Contracts	3	6,527	816	5,711
Backlog	1			
Total		$ 119,237	3,264	$ 115,973
Amortization of previous amount			184	
Adjustment to amortization expense (see (H) for depreciation expense adjustment)			$ 3,080	

Deferred Tax Liability	**March 31, 2009**
Intangibles added to assets	$ 140,790
Effective Tax Rate (see (K))	32.7%
Deferred Tax Liability	$ 46,048

D) In connection with the Restructuring, Gores agreed to purchase, at a discount, certain debt held by debt holders who did not wish to participate in the Senior Notes and agreed to guarantee a new $20,000 term loan, a $15,000 revolver and $10,000 contractual commitment by one of our wholly owned subsidiaries. In connection with Gores providing the guarantees and purchasing the debt from non-participating holders, the 75,000 shares of Series A Preferred Stock held by Gores immediately prior to the refinancing, which then had a liquidation preference of approximately $79,000, were exchanged for 75,000 shares of Series A-1 Preferred Stock with a per share conversion price which provided Gores with an approximately 54.4% interest in the Company after the refinancing. Taking into account Gores Series B Preferred Stock, Series A-1 Preferred Stock and Common stock, upon the consummation of the Restructuring, Gores owned approximately 75.1% of the Company. The 75,000 shares of 7.50% Series A-1 Preferred Stock issued in exchange for 100% of the 75,000 outstanding shares of Series A Preferred Stock were recorded at estimated fair value as described above. The Series A-1 Preferred Stock will be converted

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on June 26, 2009 into the number of shares of common stock obtained by multiplying the number of shares of Series A-1 Preferred Stock to be converted by the liquidation preference and dividing such amount by the conversion price if the stockholders approve the Charter Amendments.

E) In connection with the Restructuring, our prior lenders agreed to exchange all of their indebtedness for (i) $117,500 of Senior Notes; (ii) 34,962 shares of Series B Preferred Stock and (iii) a one-time cash payment of $25,000. Additionally, we issued 25,000 shares of Series B Preferred Stock for $25,000. The Series B Preferred Stock have been recorded at estimated fair value, as described above, in the unaudited pro forma financial statements. The Series B Preferred Stock will be converted on June 26, 2009 into the number of shares of common stock obtained by multiplying the number of shares of Series B Preferred Stock to be converted by the liquidation preference and dividing such amount by the conversion price if the stockholders approve the Charter Amendments.

F) The column labeled Pro forma Adjustments Conversion Related/Stock Split represents the effects of the conversion of Class B stock, Series A-1 Preferred Stock and Series B Preferred Stock into common shares and the effect of the 200:1 reverse stock split of our outstanding common stock that we expect will occur on June 26, 2009 if the stockholders approve the Charter Amendments.

G) Deferred revenue has been adjusted to represent the estimated fair value of payments we have received for the future obligation to provide airtime to clients. The amount recorded generally represents the amount it would cost to transfer the liability to a third party.

H) Fixed assets have increased by $7,200 to reflect their estimated fair value. The majority of the increase represents the appreciation of buildings and land that we own and the value of our production equipment. Accordingly, depreciation expense reflects an increase of $576 for the twelve months ended December 31, 2008 and an increase of $144 for the three months ended March 31, 2009. (See adjustment (C) for amortization adjustment of definite lived intangibles). Marketable securities have increased by $402 to reflect their fair value.

Note 3. Unaudited Pro Form Adjustments Income Statement

The Unaudited Pro Forma Statements of Operations for the year ended December 31, 2008 and for the three months ended March 31, 2009 reflects the Restructuring, the resultant acquisition accounting, the conversion of the Class B stock, the Series A-1 Preferred Stock and the Series B Preferred Stock into common stock and the effects of the 200:1 reverse stock split and gives effect to these events as if each had occurred on January 1, 2008:

I) The Senior Notes bear interest at 15% per annum, payable 10% in cash and 5% in-kind (PIK interest). Interest expense was adjusted to reflect the new debt of $117,500 and new interest rate of 15% on such indebtedness. The PIK interest will be added to the principal quarterly but will not be payable until maturity. The debt has been recorded for the pro forma financial statements at face value, which is currently our best estimate of fair value. A 10% change in the fair value of the debt under acquisition accounting would result in an increase or decrease in interest expense of approximately $450 for the three months ended March 31, 2009 and approximately $1,800 for the twelve months ended December 31, 2008.

Interest Expense	**For the Twelve Months ended December 31, 2008**	**For the Three Months ended March 31, 2009**
Interest expense on new debt	17,958	4,406
Interest expense prior to refinancing	14,775	2,845
Incremental Interest Expense Adjustment	3,183	1,561

J) Amortization of the new intangibles for Affiliate Relationships, Client Contracts and Backlog was reflected (see adjustment (C) above).

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K) Taxes were calculated on the new pro forma (loss) amount using the effective rate for each applicable period.

Tax	December 31, 2008	March 31, 2009
PreTax (Loss)	$ (442,323)	$ (22,567)
Tax Benefit (Expense)	14,760	7,381
Effective Rate	3.3%	32.7%
Non-deductible Portion of Goodwill Write-off	31.8%	0.0%
Normalized Effective Tax Rate	35.1%	32.7%
ProForma PreTax (Loss)	(465,583)	(27,026)
Adjustment for Goodwill Impairment	430,126	
Adjustment for Amortization of Intangibles Not Reflected in Historical Effective Tax Rate	21,553	3,263
Adjusted ProForma Pretax (Loss)	(13,904)	(23,763)
Pro Forma Tax Benefit (Expense)	$ 4,885	$ 7,772

L) Earnings per share amounts were calculated giving effect to the 200:1 reverse stock split.

Common Stock Share Calculation After Conversion	Number of Shares
Common Stock	101,996
Class B Stock	292
Series A-1 Convertible Preferred Stock	2,218,134
Series B Convertible Preferred Stock	1,741,563
Total Common Stock before Reverse Stock Split	4,061,985
Reverse Stock Split ratio	200
Common Shares Issued and Outstanding	20,310

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MANAGEMENT S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our results of operations, financial condition and liquidity in conjunction with our consolidated financial statements and the related notes thereto. This discussion contains forward-looking statements. Please see Risk Factors and Cautionary Note Regarding Forward-Looking Statements and Industry Data for a discussion of the uncertainties, risks and assumptions associated with these statements.

Executive Overview

We produce and provide traffic, news, weather, sports, talk, music, special events and other programming. Our content is distributed to radio and television stations and digital platforms and reaches over 190 million people. We are one of the largest domestic outsourced providers of traffic reporting services and one of the nation s largest radio networks, delivering content to over 5,000 radio and 170 television stations in the U.S. We exchange our content with radio and television stations for commercial airtime, which we then sell to local, regional and national advertisers. By aggregating and packaging commercial airtime across radio and television stations nationwide, we are able to offer our advertising customers a cost-effective way to reach a broad audience and target their audience on a demographic and geographic basis.

We are organized into two business segments: Metro and Network.

Our Metro business produces and distributes traffic and other local information reports (such as news, sports and weather) to approximately 2,300 radio and television stations, which include stations in over 80 of the top 100 Metro Service Area (MSA) markets in the U.S. Our Metro business generates revenue from the sale of commercial advertising inventory to advertisers (typically 10 and 15 second spots in radio and 30 second spots in television embedded within our information reports). We provide broadcasters a cost-effective alternative to gathering and delivering their own traffic and local information reports and offer advertisers a more efficient, broad reaching alternative to purchasing advertising directly from individual radio and television stations.

Our Network business syndicates proprietary and licensed content to radio stations, enabling them to meet their programming needs on a cost-effective basis. The programming includes national news and sports content, such as CBS Radio News, CNN Radio News and NBC Radio News and major sporting events, including the National Football League (including the Super Bowl), NCAA football and basketball games (including the Men s Basketball Tournament, *i.e*., March Madness) and The Masters golf tournament. Our Network business features popular shows that we produce with personalities including Dennis Miller, Charles Osgood, Fred Thompson and Billy Bush. We also feature special events such as live concert broadcasts, countdown shows (including MTV and Country Music Television branded programs), music and interview programs. Our Network business generates revenue from the sale of 30 and 60 second commercial airtime, often embedded in our programming, that we bundle and sell to national advertisers who want to reach a large audience across numerous radio stations.

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

There are a variety of factors that influence our revenue on a periodic basis, including, but not limited to: (i) economic conditions and the relative strength or weakness in the United States economy; (ii) advertiser spending patterns and the timing of the broadcasting of our programming, principally the seasonal nature

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of sports programming; (iii) advertiser demand on a local/regional or national basis for radio and television- related advertising products; (iv) increases or decreases in our portfolio of program offerings and related audiences, including changes in the demographic composition of our audience base; (v) increases or decreases in the size of our advertiser sales force; and (vi) competitive and alternative programs and advertising mediums, including, but not limited to, local print, magazines, cable and the Internet.

Our commercial airtime is perishable, and accordingly, our revenue is significantly impacted by the commercial airtime available at the time we enter into an arrangement with an advertiser. Our ability to specifically isolate the relative historical aggregate impact of price and volume is not practical as commercial airtime is sold and managed on an order-by-order basis. We closely monitor advertiser commitments for the current calendar year, with particular emphasis placed on the annual upfront process and a prospective three-month period. We take the following factors, among others, into account when pricing commercial airtime: (i) the dollar value, length and breadth of the order; (ii) the desired reach and audience demographic; (iii) the quantity of commercial airtime available for the desired demographic requested by the advertiser for sale at the time their order is negotiated; and (iv) the proximity of the date of the order placement to the desired broadcast date of the commercial airtime.

Our national revenue has been trending downward for the last several years due principally to reductions in national audience levels and lower clearance (as defined below) and audience levels of our affiliated stations. Our local/regional revenue has been trending downward due principally to increased competition, reductions in our local/regional sales force and an increase in the amount of 10 second inventory being sold by radio stations. Recently, our operating performance has also been affected by the weakness in the United States economy and advertiser demand for radio and television-related advertising products.

The principal components of our operating expenses are programming, production and distribution costs (including affiliate compensation and broadcast rights fees), selling expenses including commissions, promotional expenses and bad debt expenses, depreciation and amortization, and corporate general and administrative expenses. Corporate general and administrative expenses are primarily comprised of costs associated with our previous Management Agreement with CBS Radio (which terminated on March 3, 2008), corporate accounting, legal and administrative personnel costs, and other administrative expenses, including those associated with corporate governance matters. Special charges include one-time expenses associated with the re-negotiation of the CBS agreements, the 2009 and 2008 Gores investment, re-financing/re-capitalization costs and re-engineering expenses.

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

We engaged consultants primarily to assist us in determining the most cost effective manner to gather and disseminate traffic information. As a result, we announced a Metro business re-engineering initiative that was implemented in the last half of 2008. The modifications to the Metro business are part of a series

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of re-engineering initiatives implemented by us to improve our operating and financial performance in the near-term, while setting the foundation for profitable long-term growth. These changes are expected to result in a reduction of staff levels and the consolidation of operations centers into 13 regional hubs by July 2009.

On March 3, 2008, we closed on the new Master Agreement with CBS Radio (the CBS Master Agreement), which documents a long-term agreement through March 31, 2017. As part of the new arrangement, CBS agreed to broadcast certain of our commercial inventory for our Network and Metro businesses through March 31, 2017 in exchange for certain programming and/or cash compensation. Under the new arrangement, CBS Radio agreed to assign to us all of its right, title and interest in the warrants to purchase common stock outstanding under prior agreements. These warrants were cancelled and retired on March 3, 2008.

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

Prior to the new CBS arrangement which closed on March 3, 2008, many of our affiliation agreements with CBS Radio did not tie station compensation to audience levels or clearance levels. This contributed to a significant decline in our national audience delivery to advertisers when CBS Radio stations delivered lower audience levels and broadcast fewer commercials than in earlier years. Our new arrangement with CBS mitigates both of these circumstances by adjusting affiliate compensation for changes in audience levels. In addition, the arrangement provides CBS Radio with financial incentives to broadcast substantially all our commercial inventory (referred to as clearance) in accordance with the terms of the contracts and significant penalties for not complying with the contractual terms of our arrangement. We believe that CBS Radio has taken and will continue to take the necessary steps to stabilize and increase the audience reached by its stations. It should be noted however, that as CBS takes steps to increase its compliance with our affiliation agreements, our operating costs will increase before we will be able to increase advertising prices for the larger audience we will deliver, which was and may continue to be a contributing factor to the decline in our operating income.

Results of Operations and Financial Condition

Three Months Ended March 31, 2009 Compared With Three Months Ended March 31, 2008

Revenue

We established a new organizational structure in 2008 pursuant to which we manage and report our business in two segments: Network and Metro. Our Network business produces and distributes regularly scheduled and special syndicated programs, including exclusive live concerts, music and interview shows, national music countdowns, lifestyle short features, news broadcasts, talk programs, sporting events and sports features. Our Metro business provides traffic reports and local news, weather and sports information programming to radio and television affiliates and their websites. We evaluate segment performance based on segment revenue and segment operating (loss)/income. Administrative functions such as finance, human resources and information systems are centralized. However, where applicable, portions of the administrative function costs are allocated between the operating segments. The operating segments do not share programming or report distribution and operating costs are captured discretely within each segment. Our accounts receivable and property, plant and equipment are captured and reported discretely within each operating segment.

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Revenue presented by operating segment is as follows for the three month periods ending March 31:

	For the Three Months Ended March 31,			
	2008		2009	
	$	% of Total	$	% of Total
	($ amounts in thousands)			
Metro	$ 47,442	44.5%	$ 34,684	40.4%
Network	59,185	55.5%	51,183	59.6%
Total(1)	$ 106,627	100.0%	$ 85,867	100.0%

(1) We currently aggregate revenue data based on the operating segment. A number of advertisers purchase both local/regional and national commercial airtime in both segments. Our objective is to optimize total revenue from those advertisers.

Revenue for the three months ended March 31, 2009 decreased $20.8 million, or 19.5%, to $85.9 million from $106.6 million for the same period in 2008. The overall decrease in revenue was principally attributable to the current economic downturn and the general decline in advertising spending, which accelerated during the second half of 2008 and has continued in 2009.

Metro business revenue for the three months ended March 31, 2009 decreased $12.8 million, or 26.9%, to $34.7 million from $47.4 million for the same period in 2008. The decrease in Metro business revenue was primarily related to a weak local advertising marketplace spanning various sectors and categories including automotive, retail and telecommunications, and a decline in overall ratings (particularly in major markets).

Network business revenue for the three months ended March 31, 2009 decreased $8.0 million, or 13.5%, to $51.2 million from $59.2 million for the same period in 2008. The decrease in Network business revenue was primarily the result of the general decline in advertising spending which affected our network revenue from sports and news events, the cancellation of certain programs and lower revenue from our RADAR (Radio s All Dimension Audience Research) rated network inventory.

Operating Costs

Operating costs for the three months ended March 31, 2008 and 2009 were as follows:

	2008		2009	
	$	% of Total	$	% of Total
	($ amounts in thousands)			
Payroll and payroll related	$ 26,243	28%	$ 21,920	24%
Programming and production	28,665	30%	28,805	32%
Program and operating	4,167	4%	4,570	5%
Station compensation	19,138	20%	19,769	22%
Other operating expenses	16,016	17%	16,329	18%
	$ 94,229	100%	$ 91,393	100%

Operating costs for the three months ended March 31, 2009 decreased $2.8 million, or 3.0%, to $91.4 million from $94.2 million for the same period in 2008. The decrease generally reflects the benefit of our re-engineering and cost reduction programs which began in the last half of 2008. Payroll and payroll related costs declined $4.3 million, or 16.5%, as a result of the reduction in headcount. This was partially offset by increases in program related costs for new programming and station compensation expense.

We expect our operating costs to decrease in the future after our re-engineering and cost reduction initiatives are completed.

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Depreciation and Amortization

Depreciation and amortization for the three months ended March 31, 2009 decreased $1.9 million, or 48.1%, to $2.1 million from $4.0 million for the same period in 2008. The decrease was principally attributable to a reduction in warrant amortization expense as the result of the cancellation on March 3, 2008 of all then outstanding warrants previously granted to CBS Radio.

Overall, we expect depreciation and amortization to increase in 2009 when compared to amounts incurred in 2008 as a result of our investment in systems and infrastructure.

Corporate General and Administrative Expenses

Corporate, general and administrative expenses for the three months ended March 31, 2009 decreased $700,000, or 20.2%, to $2.8 million from $3.5 million for the same period in 2008. The decrease was principally due to decreased stock-based compensation expense offset by increased bad debt expense and bank fees.

Goodwill Impairment

There were no impairment charges recorded for the three months ended March 31, 2009 and 2008.

Restructuring Charges

During the three months ended March 31, 2009, we recorded a $3.4 million restructuring charge in connection with the re-engineering of our traffic operations and the elimination of underperforming programming announced on September 12, 2008. The components of these charges included severance of $1.7 million and facilities shutdown costs of $1.8 million. We recorded no restructuring charges during the three months ended March 31, 2008.

Special Charges

We incurred non-recurring expenses aggregating $5.8 million and $8.0 million for the three months ended March 31, 2009 and 2008, respectively. Special charges in the first quarter of 2009 were incurred predominantly as part of our Restructuring. Special charges in the first quarter of 2008 consisted of $5.0 million of contract termination costs and $3.0 million of associated legal and professional fees incurred in connection with the new CBS Master Agreement.

Operating Loss

Operating loss for the three months ended March 31, 2009 increased to $19.6 million from $3.0 million for the same period in 2008. The decrease was primarily attributable to the decline in our revenue which was impacted by the current overall economic downturn. The decline in revenue was partially offset by the realignment of our cost base as part of our re-engineering initiative and weakness in the advertising market.

Overall, excluding goodwill impairment charges in 2008 we currently anticipate that operating loss will increase in 2009 compared with 2008 principally as a result of an anticipated declining revenue base.

Interest Expense

Interest expense for the three months ended March 31, 2009 decreased $2.1 million, or 39.6%, to $3.3 million from $5.4 million for the same period in 2008 reflecting the decrease in the amount of outstanding debt.

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Provision for Income Taxes

Income tax benefit for the three months ended March 31, 2009 was $7.4 million compared with a benefit of $3.0 million for the same period in 2008. Our effective tax rate for the quarter ended March 31, 2009 was approximately 32.7% as compared to the 36.1% for the same period in 2008.

Net Loss

Net loss for the three months ended March 31, 2009 increased to $15.2 million from a net loss of $5.3 million for the same period in 2008. Net loss per basic and diluted share was $0.17 for the three months ended March 31, 2009, compared with net loss per basic and diluted share of $0.06 for the same period in 2008.

Weighted Average Shares Outstanding

Weighted average shares outstanding used to compute basic and diluted earnings per share were 98,073,636 shares in the first quarter of 2009 compared with 89,423,045 shares in the first quarter of 2008. The increase in the number of outstanding shares is attributable to restricted stock vesting. Basic and diluted shares outstanding were the same in 2008 as the inclusion of common stock equivalents in the diluted share calculation would be anti-dilutive.

Comparison of the three years ended December 31, 2006, 2007 and 2008

Revenue

Revenue presented by operating segment is as follows for the years ending December 31:

	2006		2007		2008	
	$	% of Total	$	% of Total	$	% of Total
			($ amounts in thousands)			
Metro	$ 265,768	52%	$ 232,446	51%	$ 194,884	48%
Network	246,317	48%	218,938	49%	209,532	52%
Total(1)	$ 512,085	100%	$ 451,384			