

Edgar Filing: WESTWOOD ONE INC /DE/ - Form 10-Q

WESTWOOD ONE INC /DE/  
Form 10-Q  
August 06, 2003

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2003

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-13020

-----

WESTWOOD ONE, INC.

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

95-3980449  
(I.R.S. Employer  
Identification No.)

40 West 57th Street, 5th Floor, New York, NY  
(Address of principal executive offices)

10019  
(Zip Code)

(212) 641-2000

Registrant's telephone number, including area code

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes X No \_\_\_\_

Number of shares of Stock Outstanding at July 31, 2003 (excluding treasury shares):

Common Stock, par value \$.01 per share - 100,464,269 shares  
Class B Stock, par value \$.01 per share - 703,466 shares

WESTWOOD ONE, INC.

INDEX

Page No.

# Edgar Filing: WESTWOOD ONE INC /DE/ - Form 10-Q

|          |                                                                                       |    |
|----------|---------------------------------------------------------------------------------------|----|
| PART I.  | FINANCIAL INFORMATION                                                                 |    |
| Item 1.  | Financial Statements                                                                  |    |
|          | Consolidated Balance Sheets                                                           | 3  |
|          | Consolidated Statements of Operations                                                 | 4  |
|          | Consolidated Statements of Cash Flows                                                 | 5  |
|          | Notes to Consolidated Financial Statements                                            | 6  |
| Item 2.  | Management's Discussion and Analysis of Financial Condition and Results of Operations | 8  |
| Item 3.  | Qualitative and Quantitative Disclosures About Market Risk                            | 11 |
| Item 4.  | Controls and Procedures                                                               | 11 |
| PART II. | OTHER INFORMATION                                                                     |    |
|          | Exhibits and Reports on Form 8K                                                       | 13 |
|          | SIGNATURES                                                                            | 15 |

2

## Item 1 - Financial Statements

### WESTWOOD ONE, INC. CONSOLIDATED BALANCE SHEETS (In thousands)

|                                                                                                      | June 30,<br>2003 | December<br>2002 |
|------------------------------------------------------------------------------------------------------|------------------|------------------|
|                                                                                                      | -----            | -----            |
| ASSETS                                                                                               |                  |                  |
| -----                                                                                                |                  |                  |
| CURRENT ASSETS:                                                                                      |                  |                  |
| Cash and cash equivalents                                                                            | \$ 6,714         | \$ 7,37          |
| Accounts receivable, net of allowance for doubtful accounts<br>of \$7,340 (2003) and \$11,757 (2002) | 117,651          | 131,67           |
| Other current assets                                                                                 | 9,082            | 14,58            |
|                                                                                                      | -----            | -----            |
| Total Current Assets                                                                                 | 133,447          | 153,62           |
| PROPERTY AND EQUIPMENT, NET                                                                          | 52,297           | 53,69            |
| GOODWILL                                                                                             | 990,192          | 990,19           |
| INTANGIBLE ASSETS, NET                                                                               | 8,509            | 9,64             |

# Edgar Filing: WESTWOOD ONE INC /DE/ - Form 10-Q

|                                                                                                                         |             |            |
|-------------------------------------------------------------------------------------------------------------------------|-------------|------------|
| OTHER ASSETS                                                                                                            | 61,806      | 59,14      |
|                                                                                                                         | -----       | -----      |
| TOTAL ASSETS                                                                                                            | \$1,246,251 | \$1,266,31 |
|                                                                                                                         | =====       | =====      |
| LIABILITIES AND SHAREHOLDERS' EQUITY                                                                                    |             |            |
|                                                                                                                         | -----       |            |
| CURRENT LIABILITIES:                                                                                                    |             |            |
| Accounts payable                                                                                                        | \$ 28,375   | \$24,80    |
| Other accrued expenses and liabilities                                                                                  | 60,253      | 65,27      |
|                                                                                                                         | -----       | -----      |
| Total Current Liabilities                                                                                               | 88,628      | 90,08      |
| LONG-TERM DEBT                                                                                                          | 270,897     | 232,13     |
| DEFERRED INCOME TAXES                                                                                                   | 32,733      | 30,73      |
| OTHER LIABILITIES                                                                                                       | 9,525       | 10,31      |
|                                                                                                                         | -----       | -----      |
| TOTAL LIABILITIES                                                                                                       | 401,783     | 363,27     |
|                                                                                                                         | -----       | -----      |
| COMMITMENTS AND CONTINGENCIES                                                                                           |             |            |
| SHAREHOLDERS' EQUITY                                                                                                    |             |            |
| Preferred stock: authorized 10,000 shares, none outstanding                                                             | -           | -          |
| Common stock, \$.01 par value: authorized, 271,023 shares;<br>issued and outstanding, 101,095 (2003) and 103,989 (2002) | 1,011       | 1,04       |
| Class B stock, \$.01 par value: authorized, 3,000 shares;<br>issued and outstanding, 704 (2003 and 2002)                | 7           |            |
| Additional paid-in capital                                                                                              | 583,219     | 684,31     |
| Accumulated earnings                                                                                                    | 260,231     | 218,98     |
|                                                                                                                         | -----       | -----      |
|                                                                                                                         | 844,468     | 904,33     |
| Less treasury stock, at cost; 35 (2002) shares                                                                          | -           | (1,29      |
|                                                                                                                         | -----       | -----      |
| TOTAL SHAREHOLDERS' EQUITY                                                                                              | 844,468     | 903,04     |
|                                                                                                                         | -----       | -----      |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY                                                                              | \$1,246,251 | \$1,266,31 |
|                                                                                                                         | =====       | =====      |

See accompanying notes to consolidated financial statements.

3

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

|                         | Three Months Ended<br>June 30, |           | Six Months Ended<br>June 30, |
|-------------------------|--------------------------------|-----------|------------------------------|
|                         | 2003                           | 2002      | 2003                         |
|                         | ----                           | ----      | ----                         |
| GROSS REVENUES          | \$154,232                      | \$164,299 | \$299,850                    |
| Less Agency Commissions | 21,557                         | 23,487    | 41,380                       |

Edgar Filing: WESTWOOD ONE INC /DE/ - Form 10-Q

|                                               |          |          |          |
|-----------------------------------------------|----------|----------|----------|
| NET REVENUES                                  | 132,675  | 140,812  | 258,470  |
| Operating Costs                               | 86,504   | 86,146   | 178,556  |
| Depreciation and Amortization                 | 2,860    | 2,866    | 5,740    |
| Corporate General and Administrative Expenses | 1,647    | 2,064    | 3,291    |
|                                               | 91,011   | 91,076   | 187,587  |
| OPERATING INCOME                              | 41,664   | 49,736   | 70,883   |
| Interest Expense                              | 2,496    | 1,677    | 4,947    |
| Other (Income) Expense                        | (16)     | (41)     | (36)     |
| INCOME BEFORE INCOME TAXES                    | 39,184   | 48,100   | 65,972   |
| INCOME TAXES                                  | 14,848   | 17,626   | 24,722   |
| NET INCOME                                    | \$24,336 | \$30,474 | \$41,250 |
| EARNINGS PER SHARE:                           |          |          |          |
| BASIC                                         | \$ .24   | \$ .29   | \$ .40   |
| DILUTED                                       | \$ .23   | \$ .28   | \$ .39   |
| WEIGHTED AVERAGE SHARES OUTSTANDING:          |          |          |          |
| BASIC                                         | 101,771  | 106,751  | 102,417  |
| DILUTED                                       | 104,253  | 110,092  | 104,938  |

See accompanying notes to consolidated financial statements.

4

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

|                                                                                   | Six Months Ended<br>June 30, |          |
|-----------------------------------------------------------------------------------|------------------------------|----------|
|                                                                                   | 2003                         | 2002     |
| CASH FLOW FROM OPERATING ACTIVITIES:                                              |                              |          |
| Net income                                                                        | \$41,250                     | \$47,917 |
| Adjustments to reconcile net income to net cash provided by operating activities: |                              |          |
| Depreciation and amortization                                                     | 5,740                        | 5,701    |
| Deferred taxes                                                                    | 2,000                        | 2,066    |
| Other                                                                             | 318                          | 278      |

# Edgar Filing: WESTWOOD ONE INC /DE/ - Form 10-Q

|                                                                 |           |           |
|-----------------------------------------------------------------|-----------|-----------|
|                                                                 | -----     | -----     |
|                                                                 | 49,308    | 55,962    |
| Changes in assets and liabilities:                              |           |           |
| Decrease (Increase) in accounts receivable                      | 14,025    | (3,751)   |
| Decrease in other assets                                        | 5,499     | 5,055     |
| (Decrease) Increase in accounts payable and accrued liabilities | (124)     | 32,535    |
|                                                                 | -----     | -----     |
| Net Cash Provided By Operating Activities                       | 68,708    | 89,801    |
|                                                                 | -----     | -----     |
| CASH FLOW FROM INVESTING ACTIVITIES:                            |           |           |
| Capital expenditures                                            | (2,336)   | (2,660)   |
| Acquisition of companies and other                              | (80)      | (740)     |
|                                                                 | -----     | -----     |
| Net Cash Used For Investing Activities                          | (2,416)   | (3,400)   |
|                                                                 | -----     | -----     |
| CASH PROVIDED BEFORE FINANCING ACTIVITIES                       | 66,292    | 86,401    |
|                                                                 | -----     | -----     |
| CASH FLOW FROM FINANCING ACTIVITIES:                            |           |           |
| Issuance of common stock                                        | 5,430     | 25,080    |
| Borrowings under bank and other long-term obligations           | 35,000    | 32,500    |
| Debt repayments and payments of capital lease obligations       | (277)     | (107)     |
| Repurchase of common stock and warrants                         | (107,102) | (136,332) |
|                                                                 | -----     | -----     |
| NET CASH (USED IN) FINANCING ACTIVITIES                         | (66,949)  | (78,859)  |
|                                                                 | -----     | -----     |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS            | (657)     | (7,542)   |
|                                                                 | -----     | -----     |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD                | 7,371     | 4,509     |
|                                                                 | -----     | -----     |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD                      | \$6,714   | \$12,051  |
|                                                                 | =====     | =====     |

See accompanying notes to consolidated financial statements.

5

## WESTWOOD ONE, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except per share data)

#### NOTE 1 - Basis of Presentation:

The accompanying consolidated balance sheet as of June 30, 2003, the consolidated statements of operations for the three and six month periods ended June 30, 2003 and 2002 and the consolidated statements of cash flows for the six months ended June 30, 2003 and 2002 are unaudited, but in the opinion of management include all adjustments necessary for a fair presentation of the financial position and the results of operations for the periods presented. These financial statements should be read in conjunction with the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission.

#### NOTE 2 - Reclassification:

Certain prior period amounts have been reclassified to conform to the current presentation.

#### NOTE 3 - Earnings Per Share:

Net income per share is computed in accordance with SFAS No. 128. Basic

## Edgar Filing: WESTWOOD ONE INC /DE/ - Form 10-Q

earnings per share excludes all dilution and is calculated using the weighted average number of shares outstanding in the period. Diluted earnings per share reflects the potential dilution that would occur if all financial instruments which may be exchanged for equity securities were exercised or converted to Common Stock.

The Company has issued options and warrants which may have a dilutive effect on reported earnings if they were exercised or converted to Common Stock. The following numbers of shares related to options and warrants were added to the basic weighted average shares outstanding to arrive at the diluted weighted average shares outstanding for each period:

|          | Three Months Ended<br>June 30, |       | Six Months Ended<br>June 30, |       |
|----------|--------------------------------|-------|------------------------------|-------|
|          | -----                          | ----- | -----                        | ----- |
|          | 2003                           | 2002  | 2003                         | 2002  |
|          | ----                           | ----  | ----                         | ----  |
| Options  | 2,482                          | 3,121 | 2,521                        | 3,201 |
| Warrants | -                              | 220   | -                            | 286   |

### NOTE 4 - Debt:

At June 30, 2003 the Company had outstanding borrowings of \$200,000 pursuant to its outstanding notes and \$65,000 under its bank revolving credit facility. In addition, the Company had available borrowings of \$155,000 under its bank revolving credit facility.

The estimated fair value of the Company's interest rate swaps at June 30, 2003 was \$5,897.

6

### NOTE 5 - Stock Options

The Company applies APB 25 and related interpretations in accounting for its stock option plans. Accordingly, no compensation expense has been recognized for its plans. For the three and six-month periods ended June 30, 2003 and 2002, had compensation cost been determined in accordance with the methodology prescribed by SFAS 123, the Company's net income and earnings per share would have been reduced by approximately \$2,118 and \$2,023 (\$.02 per basic and diluted share) for the three month periods, respectively and \$4,155 and \$4,041 (\$.04 per basic share and \$.03 per diluted share) for the six month periods, respectively.

|                                                                           | Three Months Ended June 30, |          | Six Months Ended June 30, |          |
|---------------------------------------------------------------------------|-----------------------------|----------|---------------------------|----------|
|                                                                           | -----                       | -----    | -----                     | -----    |
|                                                                           | 2003                        | 2002     | 2003                      | 2002     |
|                                                                           | ----                        | ----     | ----                      | ----     |
| Net Income as Reported                                                    | \$24,336                    | \$30,474 | \$41,250                  | \$47,917 |
| Deduct: Total Stock Based<br>Employee Compensation Expense,<br>Net of Tax | 2,118                       | 2,023    | 4,155                     | 4,041    |
|                                                                           | -----                       | -----    | -----                     | -----    |
| Pro Forma Net Income                                                      | \$22,218                    | \$28,451 | \$37,095                  | \$43,876 |
|                                                                           | =====                       | =====    | =====                     | =====    |
| Net Income Per Share:                                                     |                             |          |                           |          |
| Basic - As Reported                                                       | \$.24                       | \$.29    | \$.40                     | \$.45    |
| Basic - Pro Forma                                                         | \$.22                       | \$.27    | \$.36                     | \$.41    |

# Edgar Filing: WESTWOOD ONE INC /DE/ - Form 10-Q

|                       |        |        |        |        |
|-----------------------|--------|--------|--------|--------|
| Diluted - As Reported | \$ .23 | \$ .28 | \$ .39 | \$ .43 |
| Diluted - Pro Forma   | \$ .21 | \$ .26 | \$ .35 | \$ .40 |

7

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (In thousands, except per share amounts)

Management's discussion and analysis should be read in conjunction with the Consolidated Financial Statements and related Notes and the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

Discussions included herein related to "revenue" or "net revenues" corresponds to the financial statement caption of Net Revenues on the Company's Consolidated Statements of Operations. The principal components of Operating costs are personnel costs (exclusive of corporate personnel), affiliate compensation, broadcast rights fees, program production and distribution costs, sales related expenses (including bad debt expenses, commissions, and promotional and advertising expenses), expenses related to the Company's representation agreement with Infinity and news expenses. Corporate general and administrative expenses are primarily comprised of costs associated with the Infinity Management Agreement, personnel costs and other administrative expenses.

### Results of Operations

Three Months Ended June 30, 2003 Compared  
With Three Months Ended June 30, 2002  
-----

Westwood One derives substantially all of its revenue from the sale of advertising time to advertisers. Net revenue decreased \$8,137, or 6%, to \$132,675 in the second quarter of 2003 from \$140,812 in the comparable prior year quarter. The decrease in net revenue was due principally to a softening of advertiser sales after the commencement of the war with Iraq and the continuing weak economic climate partially offset by additional revenues associated with new program offerings.

Operating costs were \$86,504 in the second quarter of 2003 compared with \$86,146 in the second quarter of 2002. Increases in expenses associated with new program offerings, news and insurance were nearly offset by reductions in employee related expenses.

Depreciation and amortization was \$2,860 in the second quarter of 2003 compared with \$2,866 in the second quarter of 2002.

Corporate general and administrative expenses decreased \$417, or 20%, to \$1,647 in the second quarter of 2003 from \$2,064 in the comparable 2002 quarter. The decrease is principally attributable to lower compensation expense partially offset by higher expenses associated with new corporate governance regulations.

Operating income decreased \$8,072, or 16%, to \$41,664 in the second quarter of 2003 from \$49,736 in the second quarter of 2002. The decrease is attributable to lower advertising revenues.

Interest expense increased 49% to \$2,496 in the second quarter of 2003 from \$1,677 in 2002. The increase was attributable to higher debt outstanding in the

## Edgar Filing: WESTWOOD ONE INC /DE/ - Form 10-Q

second quarter of 2003 and higher average interest rates as a result of the Company's issuance of \$200 million in a combination of 7 and 10-year fixed rate Senior Unsecured Notes in the fourth quarter of 2002.

Income tax expense in the second quarter of 2003 was \$14,848 compared with \$17,626 in the second quarter of 2002. The Company's effective income tax rate was approximately 37.5% in 2003 compared with 36.7% in 2002. The increase in effective income tax rate was principally attributable to higher state taxes

8

resulting from recently enacted tax law changes in the states in which we operate.

Net income in the second quarter of 2003 was \$24,336 (\$.24 per basic share and \$.23 per diluted share) compared with \$30,474 (\$.29 per basic share and \$.28 per diluted share) in the second quarter of 2002.

Weighted average shares outstanding used to compute basic and diluted earnings per share decreased to 101,771 and 104,253, respectively, in the second quarter of 2003 compared with 106,751 and 110,092 in the second quarter of 2002. The decrease is principally attributable to the Company's stock repurchase program.

Six Months Ended June 30, 2003 Compared  
With Six Months Ended June 30, 2002  
-----

Net revenue for the first half of 2003 decreased 3% to \$258,470 from \$267,108 in the first half of 2002. The decrease in net revenue was attributable to the non-recurrence of approximately \$6,000 of revenue associated with the Company's exclusive radio broadcast of the Winter Olympics in 2002, a softening of advertiser sales prior to and immediately after the commencement of the war with Iraq, and a weak economic climate, partially offset by revenue attributable to new programming.

Operating costs were \$178,556 in the first half of 2003 compared with \$178,547 in the first half of 2002. Increases in expenses associated with new program offerings, insurance and news costs were offset by the non-recurrence of expenses attributable to the Company's broadcast of the Winter Olympics and lower employee related expenses.

Depreciation and amortization was \$5,740 in the first half of 2003 as compared with \$5,701 in the first half of 2002.

Operating income decreased \$8,176, or 10%, to \$70,883 in the first half of 2003 from \$79,059 in the comparable 2002 period. The decrease was attributable to lower revenues in the Company's second quarter of 2003.

Interest expense increased 44% to \$4,947 in the first half of 2003 from \$3,435 in the comparable 2002 period. The increase results principally from higher debt levels and higher average interest rates.

Net income decreased 14% to \$41,250 (\$.40 per basic share and \$.39 per diluted share) in the first half of 2003 from \$47,917 (\$.45 per basic share and \$.43 per diluted share) in the comparable 2002 period.

Weighted average shares outstanding used to compute basic and diluted earnings per share decreased to 102,417 and 104,938, respectively, in the first six months of 2003 compared with 106,690 and 110,177 in the comparable 2002

## Edgar Filing: WESTWOOD ONE INC /DE/ - Form 10-Q

period. The decrease is principally attributable to the Company's stock repurchase program.

9

### Liquidity and Capital Resources

The business is financed through cash flows from operations and the issuance of debt and equity. The Company continually projects anticipated cash requirements, which include share repurchases, acquisitions, capital expenditures, and principal and interest payments on its outstanding indebtedness, as well as cash flows generated from operating activity available to meet these needs. Any net cash funding requirements are financed with short-term borrowings and long-term debt.

At June 30, 2003, the Company's cash and cash equivalents were \$6,714, a decrease of \$657 from the December 31, 2002 balance.

For the six months ended June 30, 2003 versus the comparable prior year period, net cash from operating activities decreased \$21,093. The reduction is primarily attributable to an increase in cash taxes paid resulting from lower tax benefits from the exercise of stock options and warrants.

At June 30, 2003, the Company had available borrowings of \$155,000 on its revolving credit facility. Pursuant to the terms of the facility, the amount of available borrowings declines by \$7,500 at the end of each quarter in 2003 and \$10,000 per quarter in 2004 until its termination date of September 30, 2004. During 2003, the Company has used its available cash and bank borrowings to repurchase its Common Stock. For the six months ended June 30, 2003, the Company repurchased approximately 3,179 shares of Common Stock at a cost of \$107,102. In the month of July, the Company repurchased an additional 635 shares of Common Stock at a cost of approximately \$19,935.

The Company's business does not require, and is not expected to require, significant cash outlays for capital expenditures.

The Company believes that its cash, other liquid assets, operating cash flows and available bank borrowings, taken together, provide adequate resources to fund ongoing operating requirements.

10

### Item 3. Qualitative and Quantitative Disclosures about Market Risk

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

In order to achieve a desired proportion of variable and fixed rate debt, in December 2002, the Company entered into a seven year interest rate swap agreement covering \$25 million notional value of its outstanding borrowing to

## Edgar Filing: WESTWOOD ONE INC /DE/ - Form 10-Q

effectively float the interest rate at three-month LIBOR plus 74 basis points and two ten year interest rate swap agreements covering \$75 million notional value of its outstanding borrowing to effectively float the interest rate at three-month LIBOR plus 80 basis points.

These swap transactions allow the Company to benefit from short-term declines in interest rates. The instruments meet all of the criteria of a fair-value hedge. The Company has the appropriate documentation, including the risk management objective and strategy for undertaking the hedge, identification of the hedging instrument, the hedged item, the nature of the risk being hedged, and how the hedging instrument's effectiveness offsets the exposure to changes in the hedged item's fair value or variability in cash flows attributable to the hedged risk.

With respect to the borrowings pursuant to the Company's revolving credit facility, the interest rate on the borrowings is based on the prime rate plus an applicable margin of up to .25%, or LIBOR plus an applicable margin of up to 1.25%, as chosen by the Company. Historically, the Company has typically chosen the LIBOR option with a three month maturity. Every .25% change in interest rates has the effect of increasing or decreasing our annual interest expense by \$5,000 for every \$2 million of outstanding debt.

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

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

### Item 4. Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report, and have concluded that the Company's disclosure controls and procedures are effective for gathering, analyzing and disclosing the information we are required to disclose in our reports filed under the Securities and Exchange Act of 1934. There have been no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the evaluation date.

11

## PART II OTHER INFORMATION

### Items 1 through 3

These items are not applicable.

### Item 4 - Submission of Matters to a Vote of Security Holders

- (a) The Annual Meeting of Shareholders of the Company was held on May 28, 2003.
- (b) The Matters voted upon and the related voting results were as follows (holders of Common Stock and Class B Stock voted together on all matters except for the election of Class II Directors, for which holders of Common

## Edgar Filing: WESTWOOD ONE INC /DE/ - Form 10-Q

Stock voted alone for the election of Mr. Suleman):

1) Election of Class II Directors:

|               | FOR         | WITHHELD  |
|---------------|-------------|-----------|
| David Dennis  | 88,064,089  | 7,910,218 |
| Maria Hummer  | 88,066,589  | 7,907,718 |
| George Miles  | 88,080,689  | 7,893,618 |
| Farid Suleman | 124,032,034 | 7,111,273 |

2) Ratification of the selection of PricewaterhouseCoopers LLP as the independent accountants of the Company for fiscal 2003.

|         |             |
|---------|-------------|
| FOR     | 129,651,882 |
| AGAINST | 1,481,019   |
| ABSTAIN | 10,406      |

Item 5

Not Applicable.

12

Item 6 - Exhibits and Reports on Form 8-K

(a)

EXHIBIT  
NUMBER

DESCRIPTION

- 3.1 Restated Certificate of Incorporation, as filed on October 25, 2002. (14)
- 3.2 Bylaws of Registrant as currently in effect. (6)
- 4.1 Note Purchase Agreement, dated December 3, 2002, between Registrant and the Purchasers. (15)
- \*10.1 Employment Agreement, dated April 29, 1998, between Registrant and Norman J. Pattiz. (8)
- 10.2 Form of Indemnification Agreement between Registrant and its Directors and Executive Officers. (1)
- 10.3 Amended and Restated Credit Agreement, dated September 30, 1996, between Registrant and The Chase Manhattan Bank and Co-Agents. (6)
- 10.4 Second Amended and Restated Credit Agreement dated November 17, 2000, between Registrant and The Chase Manhattan Bank and Co-Agents. (12)
- 10.5 Amendment One dated October 24, 2002 to the Amended and Restated Credit Agreement. (15)
- 10.6 Purchase Agreement, dated as of August 24, 1987, between Registrant and National Broadcasting Company, Inc. (2)
- 10.7 Agreement and Plan of Merger among Registrant, Copter Acquisition Corp. and Metro Networks, Inc. dated as of June 1, 1999 (9)
- \*10.8 Amendment No. 1 to the Agreement and Plan Merger, dated as of August 20, 1999, by and among Registrant, Copter Acquisition Corp. and Metro Networks, Inc. (10)
- 10.9 Management Agreement, dated as of March 30, 1999, and amended on April 15, 2002 between Registrant and Infinity Broadcasting Corporation. (9) (13)
- 10.10 Representation Agreement, dated as of March 31, 1997, between Registrant and CBS, Inc. (7) (13)
- 10.11 Westwood One Amended 1999 Stock Incentive Plan. (9)
- 10.12 Westwood One, Inc. 1989 Stock Incentive Plan. (3)
- 10.13 Amendments to the Westwood One, Inc. Amended 1989 Stock Incentive Plan.

Edgar Filing: WESTWOOD ONE INC /DE/ - Form 10-Q

(4) (5)

- 10.14 Leases, dated August 9, 1999, between Lefrak SBN LP and Westwood One, Inc. and between Infinity and Westwood One, Inc. relating to New York, New York offices. (11)
- 31.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

On April 29, 2003 and May 1, 2003, Registrant filed a current report on Form 8-K announcing its first quarter 2003 financial results.

On May 15, 2003, Registrant filed a current report on Form 8-K announcing Shane Coppola as its new President and Chief Executive Officer.

\*\*\*\*\*

\*Indicates a management contract or compensatory plan

13

- (1) Filed as part of Registrant's September 25, 1986 proxy statement and incorporated herein by reference.
- (2) Filed an exhibit to Registrant's current report on Form 8-K dated September 4, 1987 and incorporated herein by reference.
- (3) Filed as part of Registrant's March 27, 1992 proxy statement and incorporated herein by reference.
- (4) Filed as an exhibit to Registrant's July 20, 1994 proxy statement and incorporated herein by reference.
- (5) Filed as an exhibit to Registrant's May 17, 1996 proxy statement and incorporated herein by reference.
- (6) Filed as an exhibit to Registrant's Quarterly report on Form 10-Q for the quarter ended September 30, 1996 and incorporated herein by reference.
- (7) Filed as an exhibit to Registrant's Annual Report on Form 10-K for the year ended December 31, 1997 and incorporated herein by reference.
- (8) Filed as an exhibit to Registrant's Annual Report on Form 10-K for the year ended December 31, 1998 and incorporated herein by reference.
- (9) Filed as an exhibit to Registrant's August 24, 1999 proxy statement and incorporated herein by reference.
- (10) Filed as an exhibit to Registrant's current report on Form 8-K dated October 1, 1999 and incorporated herein by reference.
- (11) Filed as an exhibit to Registrant's Annual Report on Form 10-K for the year ended December 31, 1999 and incorporated herein by reference.
- (12) Filed as an exhibit to Registrant's Annual Report on Form 10-K for the year ended December 31, 2000 and incorporated herein by reference.
- (13) Filed as an exhibit to Registrant's April 29, 2002 proxy statement and incorporated herein by reference.
- (14) Filed as an exhibit to Registrant's Quarterly report on Form 10-Q for the quarter ended September 30, 2002 and incorporated herein by reference.
- (15) Filed as an exhibit to Registrant's current report on Form 8-K dated December 3, 2002 and incorporated herein by reference.

14

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WESTWOOD ONE, INC.

By: /S/ Shane Coppola

-----

Shane Coppola  
Chief Executive Officer

By: /S/ Jacques Tortoroli

-----

Jacques Tortoroli  
Chief Financial Officer

Dated: August 6, 2003