

WESTWOOD ONE INC /DE/

Form 10-Q/A

August 21, 2009

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q/A  
(Amendment No. 1)**

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

**For the quarterly period ended June 30, 2009  
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 0-14691**

**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 57<sup>th</sup> Street, 5<sup>th</sup> 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 ( Exchange Act ) during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web Site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-X during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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 (Check One):

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Smaller Reporting  
Company

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

Number of shares of stock outstanding at August 12, 2009 (excluding treasury shares):

Common stock, par value \$.01 per share 20,312 shares

**Explanatory Note**

This Amendment No. 1 on Form 10-Q/A (this Amendment ) amends our Quarterly Report on Form 10-Q for the quarter ended June 30, 2009 filed with the SEC on August 14, 2009 (the Original 10-Q ). This Amendment is filed solely for the purpose of including in Notes 2 and 10 to our financial statements and in the MD&A section, explanatory information related to a beneficial conversion feature contained in our then outstanding Series A Convertible Preferred Stock and Series B Convertible Preferred Stock that was inadvertently omitted from our Original 10-Q. In addition, pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, the Company is including with this Amendment certain currently dated certifications.

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

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**WESTWOOD ONE, INC.**  
**CONSOLIDATED BALANCE SHEETS**

*(In thousands, except per share amounts)*

|  | <b>Successor<br/>Company<br/>June 30,<br/>2009</b> | <b>Predecessor<br/>Company<br/>December 31,<br/>2008</b> |
|--|--|--|
|  | (unaudited)  | (derived from<br>audited)                                |
| <b>ASSETS</b>  |  |  |
| <b>CURRENT ASSETS:</b>   |  |  |
| Cash and cash equivalents  | \$ 7,980   | \$ 6,437   |
| Accounts receivable  | 82,448   | 94,273   |
| Prepaid and other assets   | 17,026   | 18,758   |
| <b>Total Current Assets</b>  | <b>107,454</b>                                     | <b>119,468</b>   |
| Property and equipment, net  | 36,357   | 30,417   |
| Goodwill   | 86,414   | 33,988   |
| Intangible assets, net   | 112,032  | 2,660  |
| Deferred tax asset   | 2,385  | 14,220   |
| Other assets   | 2,414  | 4,335  |
| <b>TOTAL ASSETS</b>  | <b>\$ 347,056</b>                                  | <b>\$ 205,088</b>  |
| <b>LIABILITIES, REDEEMABLE PREFERRED STOCK AND<br/>SHAREHOLDERS EQUITY (DEFICIT)</b>   |  |  |
| <b>CURRENT LIABILITIES:</b>  |  |  |
| Accounts payable   | \$ 17,588  | \$ 27,807  |
| Amounts payable to related parties   | 20,128   | 22,680   |
| Deferred revenue   | 2,681  | 2,397  |
| Accrued expenses and other liabilities   | 19,648   | 25,565   |
| Current maturity of long-term debt   |  | 249,053  |
| <b>Total Current Liabilities</b>   | <b>60,045</b>                                      | <b>327,502</b>   |
| Long-term debt   | 128,078  |  |
| Deferred tax liability   | 63,845   |  |
| Due to Gores   | 10,891   |  |
| Other liabilities  | 10,551   | 6,993  |
| <b>TOTAL LIABILITIES</b>   | <b>273,410</b>                                     | <b>334,495</b>   |
| <br>Commitments and Contingencies  |  |  |
| Redeemable Preferred Stock: \$.01 par value, authorized: 75 shares;<br>issued and outstanding: 75 shares of 7.5% Series A-1 Preferred<br>Stock; liquidation preference \$1,065 per share, plus accumulated | 38,880   |  |

dividends

|   |                   |                   |
|---|-------------------|-------------------|
| Redeemable Preferred Stock: \$.01 par value, authorized: 60 shares;<br>issued and outstanding: 60 shares of 8.0% Series B Convertible<br>Preferred Stock; liquidation preference \$1,000 per share, plus<br>accumulated dividends     | 30,476            |                   |
| Redeemable Preferred Stock: \$.01 par value, authorized: 10,000<br>shares; issued and outstanding: 75 shares of 7.5% Series A<br>Convertible Preferred Stock; liquidation preference \$1,000 per share,<br>plus accumulated dividends |                   | 73,738            |
| Total Redeemable Preferred Stock  | 69,356            | 73,738            |
| <b>SHAREHOLDERS (DEFICIT) EQUITY</b>  |                   |                   |
| Common stock, \$.01 par value: authorized: 300,000 shares; issued<br>and outstanding: 510 (2009) and 101,253 (2008)   | 5                 | 1,013             |
| Class B stock, \$.01 par value: authorized: 3,000 shares; issued and<br>outstanding: 292 (2009 and 2008)  | 3                 | 3                 |
| Additional paid-in capital  | 10,561            | 293,120           |
| Net unrealized gain   | (95)              | 267               |
| Accumulated deficit   | (6,184)           | (497,548)         |
| <b>TOTAL SHAREHOLDERS EQUITY (DEFICIT)</b>  | <b>4,290</b>      | <b>(203,145)</b>  |
| <b>TOTAL LIABILITIES, REDEEMABLE PREFERRED STOCK<br/>AND SHAREHOLDERS EQUITY (DEFICIT)</b>  | <b>\$ 347,056</b> | <b>\$ 205,088</b> |

See accompanying notes to consolidated financial statements

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**WESTWOOD ONE, INC.**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
*(In thousands, except share and per share amounts)*  
(unaudited)

|  | <b>Successor<br/>Company</b>                                      |   | <b>Predecessor Company</b>                              |   |   |
|--|---|---|---|---|---|
|  | <b>For the Period<br/>April 24, 2009<br/>to June 30,<br/>2009</b> | <b>For the Period<br/>April 1, 2009<br/>to April 23,<br/>2009</b> | <b>Three<br/>Months<br/>Ended<br/>June 30,<br/>2008</b> | <b>For the Period<br/>January 1, 2009<br/>to April 23,<br/>2009</b> | <b>Six Months<br/>Ended<br/>June 30,<br/>2008</b> |
| <b>NET REVENUE</b>   | \$ 58,044   | \$ 25,607   | \$ 100,372  | \$ 111,474  | \$ 206,998  |
| Operating Costs  | 52,116  | 20,187  | 85,411  | 111,580   | 179,640   |
| Depreciation and<br>Amortization                                     | 5,845   | 521   | 2,421   | 2,585   | 6,397   |
| Corporate General and<br>Administrative Expenses                     | 2,407   | 1,482   | 1,199   | 4,248   | 4,665   |
| Goodwill Impairment  |   |   | 206,053   |   | 206,053   |
| Restructuring Charges  | 1,454   | 536   |   | 3,976   |   |
| Special Charges  | 368   | 7,010   | 897   | 12,819  | 8,853   |
|  | 62,190  | 29,736  | 295,981   | 135,208   | 405,608   |
| <b>OPERATING<br/>(LOSS) INCOME</b>                                   | <b>(4,146)</b>  | <b>(4,129)</b>  | <b>(195,609)</b>  | <b>(23,734)</b>   | <b>(198,610)</b>                                  |
| Interest Expense (Income)  | 4,692   | (41)  | 4,352   | 3,222   | 9,751   |
| Other Income   | (4)   | (59)  | (43)  | (359)   | (85)  |
| <b>INCOME<br/>(LOSS) BEFORE<br/>INCOME TAX</b>                       | <b>(8,834)</b>  | <b>(4,029)</b>  | <b>(199,918)</b>  | <b>(26,596)</b>   | <b>(208,276)</b>                                  |
| <b>INCOME TAX<br/>(BENEFIT) EXPENSE</b>                              | <b>(2,650)</b>  | <b>(254)</b>  | <b>(174)</b>  | <b>(7,635)</b>  | <b>(3,194)</b>                                    |
| <b>NET (LOSS) INCOME</b>   | <b>\$ (6,184)</b>   | <b>\$ (3,775)</b>   | <b>\$ (199,744)</b>                                     | <b>\$ (18,961)</b>  | <b>\$ (205,082)</b>                               |
| <b>NET (LOSS) INCOME<br/>attributable to Common<br/>Stockholders</b> | <b>\$ (9,595)</b>   | <b>\$ (5,387)</b>   | <b>\$ (199,932)</b>                                     | <b>\$ (22,037)</b>  | <b>\$ (205,270)</b>                               |



(LOSS) EARNINGS PER  
SHARE  
COMMON STOCK

|                        |    |         |    |         |    |          |    |         |    |          |
|------------------------|----|---------|----|---------|----|----------|----|---------|----|----------|
| BASIC                  | \$ | (18.85) | \$ | (10.67) | \$ | (396.69) | \$ | (43.64) | \$ | (431.24) |
| DILUTED                | \$ | (18.85) | \$ | (10.67) | \$ | (396.69) | \$ | (43.64) | \$ | (431.24) |
| CLASS B STOCK<br>BASIC | \$ |         | \$ |         | \$ |          | \$ |         | \$ |          |
| DILUTED                | \$ |         | \$ |         | \$ |          | \$ |         | \$ |          |

WEIGHTED AVERAGE  
SHARES  
OUTSTANDING:  
COMMON STOCK

|                 |  |     |  |     |  |     |  |     |  |     |
|-----------------|--|-----|--|-----|--|-----|--|-----|--|-----|
| BASIC           |  | 509 |  | 505 |  | 504 |  | 505 |  | 476 |
| DILUTED         |  | 509 |  | 505 |  | 504 |  | 505 |  | 476 |
| CLASS B STOCK * |  |     |  |     |  |     |  |     |  |     |
| BASIC           |  | 292 |  | 292 |  | 292 |  | 292 |  | 292 |
| DILUTED         |  | 292 |  | 292 |  | 292 |  | 292 |  | 292 |

\* Reverse stock split not reflected in total. Class B Stock was converted into common stock prior to effectiveness of reverse stock split.

See accompanying notes to consolidated financial statements

**Table of Contents****WESTWOOD ONE, INC.****CONSOLIDATED STATEMENT OF CASH FLOWS***(In thousands, except share and per share amounts)*

(unaudited)

|  | <b>Successor<br/>Company</b>               | <b>Predecessor<br/>Company</b>                       |                             |
|--|--|--|-----------------------------|
|  | <b>For the Period</b>                      | <b>For the<br/>Period</b>                            | <b>Six Months<br/>Ended</b> |
|  | <b>April 24, 2009 to June<br/>30, 2009</b> | <b>January 1,<br/>2009 to<br/>April 23,<br/>2009</b> | <b>June 30, 2008</b>        |
| <b>CASH FLOW FROM OPERATING<br/>ACTIVITIES:</b>                                      |  |  |                             |
| Net (loss)   | \$ (6,184)                                 | \$ (18,961)  | \$ (205,082)                |
| Adjustments to reconcile net (loss) to net cash<br>provided by operating activities: |  |  |                             |
| Depreciation and amortization  | 5,845                                      | 2,585  | 6,397                       |
| Goodwill impairment  |  |  | 206,053                     |
| Loss on disposal of property and equipment   | 76   | 188  |                             |
| Deferred taxes   | 2,162                                      | (6,874)  | (7,196)                     |
| Non-cash stock compensation  | 852  | 2,110  | 2,455                       |
| Amortization of deferred financing costs   |  | 331  | 792                         |
| Net change in assets and liabilities (net of effect<br>of Refinancing):              | (17,078)                                   | 19,844   | (8,261)                     |
| <b>Net Cash (Used) By Operating Activities</b>                                       | <b>(14,327)</b>                            | <b>(777)</b>   | <b>(4,842)</b>              |
| <b>CASH FLOW FROM INVESTING<br/>ACTIVITIES:</b>                                      |  |  |                             |
| Capital expenditures   | (1,546)                                    | (1,384)  | (6,078)                     |
| <b>Net Cash (Used) In Investing Activities</b>                                       | <b>(1,546)</b>                             | <b>(1,384)</b>                                       | <b>(6,078)</b>              |
| <b>CASH FLOW FROM FINANCING<br/>ACTIVITIES:</b>                                      |  |  |                             |
| Issuance of common stock   |  |  | 22,750                      |
| Issuance of series A convertible preferred stock<br>and warrants                     |  |  | 74,178                      |
| Issuance of series B convertible preferred stock                                     | 25,000                                     |  |                             |
| Debt repayments  | (25,000)                                   |  | (85,000)                    |
| Payments of capital lease obligations  | (152)                                      | (271)  | (343)                       |
| Proceeds from term loan  | 20,000                                     |  |                             |
| Deferred financing costs   |  |  | (1,537)                     |

|   |          |          |          |
|---|----------|----------|----------|
| <b>Net Cash Provided (Used) in Financing Activities</b> | 19,848   | (271)    | 10,048   |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS    | 3,975    | (2,432)  | (872)    |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD        | 4,005    | 6,437    | 6,187    |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD              | \$ 7,980 | \$ 4,005 | \$ 5,315 |

Supplemental disclosure of cash flow information:

|                                    |         |         |
|------------------------------------|---------|---------|
| Non-cash financing activities (1)  |         |         |
| Cancellation of long-term debt (2) |         | 252,060 |
| Issuance of new long-term debt (2) | 117,500 |         |

(1) All of the Series A Preferred Stock was exchange for all of the Series A-1 Preferred Stock.

(2) 34,962 shares of the Series B Preferred Stock was issued to our lenders in exchange in part for the cancellation of prior indebtedness.

See accompanying notes to consolidated financial statements

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**WESTWOOD ONE, INC**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY**

*(In thousands, except per share amounts)*

**Predecessor Company**

|   | Common Stock |          | Class B Stock |        | Additional Paid-in Capital | (Accumulated Deficit) | Unrealized Gain(Loss) Available for Sale Securities | Total Share-holders Equity | Accumulated Other Compre-hensive (Loss) |
|---|--------------|----------|---------------|--------|----------------------------|-----------------------|---|----------------------------|---|
|   | Shares       | Amount   | Shares        | Amount |                            | Retained Earnings     |   |                            |   |
| <b>Balance as of December 31, 2008</b>  | 101,253      | \$ 1,013 | 292           | \$ 3   | \$ 293,120                 | \$ (497,548)          | \$ 267  | \$ (203,145)               | \$ (433,251)                            |
| Net loss  |              |          |               |        |                            | (18,961)              |   | (18,961)                   | (18,961)                                |
| Comprehensive income  |              |          |               |        |                            |                       | 219   | 219                        | 219                                     |
| Equity based compensation Issuance common stock under equity based compensation plans |              |          |               |        | 2,110                      |                       |   | 2,110                      |   |
| Issuance of common stock Preferred stock accretion                                    | 777          | 7        |               |        | (939)                      |                       |   | (932)                      |   |
| Cancellations of vested equity grants   |              |          |               |        | (890)                      |                       |   | (890)                      |   |
| <b>Ending Balance as of April 23, 2009</b>  | 102,030      | \$ 1,020 | 292           | \$ 3   | \$ 287,244                 | \$ (516,509)          | \$ 486  | \$ (227,756)               | \$ (451,993)                            |

**Successor Company**

|                  | Common Stock |        | Class B Stock |        | Additional Paid-in Capital | (Accumulated Deficit) | Unrealized Gain(Loss) Available for Sale Securities | Total Share-holders Equity | Accumulated Other Compre-hensive (Loss) |
|------------------|--------------|--------|---------------|--------|----------------------------|-----------------------|---|----------------------------|---|
|                  | Shares       | Amount | Shares        | Amount |                            | Retained Earnings     |   |                            |   |
| Revalued Capital | 510          | 5      | 292           | 3      | 2,256                      |                       |   | 2,264                      |   |
| Net loss         |              |        |               |        |                            | (6,184)               |   | (6,184)                    | (6,184)                                 |
|                  |              |        |               |        |                            |                       | (95)  | (95)                       | (95)                                    |

|  |     |     |
|--|-----|-----|
| Comprehensive<br>(loss)<br>Equity based<br>compensation<br>Issuance common<br>stock under equity<br>based<br>compensation<br>plans | 852 | 852 |
|--|-----|-----|