WESTWOOD ONE INC /DE/
Form 10-K
March 26, 2003

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

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2002
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)

Registrant's telephone number, including area code: (212) 641-2000

Title of each class	Name of Each Exchange on Which Registered
Common Stock, par value [$0.01] per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

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

The aggregate market value of Common Stock held by non-affiliates of the registrant as of March 1, 2003 was approximately $2,894,000,000 assuming solely for the purpose of this calculation that all directors and officers of the registrant are "affiliates." The determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of March 1, 2003, 103,118,508 shares (excluding treasury shares) of Common Stock, par value $0.01 per share, were outstanding and 703,466 shares of

Class B Stock, par value $0.01 per share, were outstanding.

Documents Incorporated By Reference

Portions of the registrant's definitive proxy statement for its annual meeting of shareholders (which will be filed with the Commission within 120 days of the registrant's last fiscal year end) are incorporated by reference in Part III of this Form 10-K.

PART I

Item 1. Business

In this report, "Westwood One," "Company," "registrant," "we," "us" and "our" refer to Westwood One, Inc.

General

Westwood One supplies radio and television stations with information services and programming. The Company is the largest domestic outsource provider of traffic reporting services and the nation's largest radio network, producing and distributing national news, sports, talk, music and special event programs, in addition to local news, sports, weather, video news and other information programming.

The Company's principal source of revenue is selling commercial airtime to advertisers through one of its two operating divisions: (i) Traffic/Information Division, which is comprised of Metro Networks, Inc. ("Metro") and "Shadow Traffic" and (ii) the Network Division. The Company generates revenue principally by selling audience it obtains from radio and television affiliates to local and national advertisers. This enables advertisers to purchase advertising time and have their commercial messages broadcast on radio and television stations throughout the United States, reaching demographically defined listening audiences.

The Traffic/Information Division provides local traffic and information broadcast reports in over 90 Metro Survey Area markets (referred to herein as MSA markets) in the United States. The Network Division offers radio stations traditional news services, including CBS Radio news and CNN Radio news, in addition to seven 24-hour satellite-delivered continuous play music formats ("24/7 Formats") and weekday and weekend news and entertainment features and programs. These programs include: major sporting events including the National Football League, Notre Dame football and other college football and basketball games, the National Hockey League, the Masters and the Olympics; live, personality intensive talk shows; live concert broadcasts; countdown shows; music and interview programs; and exclusive satellite simulcasts with HBO and other cable networks.

Westwood One is managed by Infinity Broadcasting Corporation ("Infinity"), a wholly-owned subsidiary of Viacom Inc., pursuant to a management agreement between the Company and Infinity which expires on March 31, 2009 (the "Agreement" or "Management Agreement").

Industry Background

Radio Broadcasting

There are approximately 10,300 commercial radio stations in the United States.

A radio station selects a style of programming ("format") to attract a target listening audience and thereby attract commercial advertising directed at that audience. There are many formats from which a station may select, including news, talk, sports and various types of music and entertainment programming.

A radio station has two principal ways of effectively competing for revenues. First, it can differentiate itself in its local market by selecting and successfully executing a format targeted at a particular audience thus enabling advertisers to place their commercial messages on stations aimed at audiences with certain demographic characteristics. A station can also broadcast special programming, syndicated shows, sporting events or national news products, such as those supplied by Westwood One, not available to its competitors within its format. National programming broadcast on an exclusive geographic basis can help differentiate a station within its market, and thereby enable a station to increase its audience and local advertising revenue.

Radio Advertising

Radio advertising time can be purchased on a local, regional or national basis. Local purchases allow an advertiser to select specific radio stations in chosen geographic markets for the broadcast of commercial messages. Local and regional purchases are typically best suited for an advertiser whose business or ad campaign is in a specific geographic area. Advertising purchased from a radio network is one method by which an advertiser targets its commercial messages to a specific demographic audience, achieving national coverage on a cost-efficient basis. In addition, an advertiser can choose to emphasize its message in a certain market or markets by supplementing a national purchase with local and/or regional purchases.

To verify its network audience delivery and demographic composition, specific measurement information is available to advertisers from an independent rating service such as Arbitron and their RADAR rating service. The rating service provides demographic information such as the age and gender composition of the listening audiences. Consequently, advertisers can verify that their advertisements are being heard by their target listening audience.

Business Strategy/Services

Westwood One provides broad-based, local, regional or national audiences and commercial spots to advertisers through its recognized programming and other traffic and information products. The Company, through its various radio networks, produces and distributes quality programming to meet listener needs for information and to radio stations seeking to increase their listening audience and improve advertising revenue by differentiating themselves from their competitors. The Company sells advertising time to advertisers desiring to reach large listening audiences with specific demographic characteristics.

In 1996, the Company expanded its product offerings to include providing local traffic, news, sports and weather programming to radio stations and other media outlets in selected cities across the United States. This expansion gave the Company's advertisers the ability to easily supplement their national purchases with local and regional purchases from the Company. It also allowed the Company to develop relationships with local and regional advertisers. In 1996 and 1998, the Company acquired the operating assets of Shadow Traffic in a total of 14 major metropolitan markets (4 in 1996 and 10 in 1998). In 1999, Westwood One significantly expanded its local and regional reach through its merger with the country's largest traffic service provider, Metro, which broadcasts information reports in 67 of the 75 largest MSA markets in the United States. Since then, the Company has expanded its reach to more than 90 of the largest MSA markets. In late 2000, the Company continued its expansion of products with its acquisition of the operating assets of SmartRoute Systems, Inc. ("SmartRoute"), a company which collects, organizes and distributes a database of advanced traveller information through various electronic media and telecommunications.

Local Traffic and Information Programming

The Company, through its Traffic/Information Division, provides traffic reports and local news, weather and sports information programming to radio and television affiliates.

The Company gathers traffic and other data utilizing the Company's information-gathering infrastructure, which includes aircraft (helicopters and airplanes), broadcast-quality remote camera systems positioned at strategically located fixed positions and on aircraft, mobile units and wireless systems, and by accessing various government-based traffic tracking systems. The Company also gathers information from various third-party news and information services. The information is processed, converted into broadcast copy and entered into the Company's computer systems by the Company's local writers and producers. This permits the Company to easily resell the information to other third parties for distribution through the internet, wireless devices or personnel digital assistants ("PDA") and various other media systems. The Company's professional announcers read the customized reports on the air. The Company's information reports (including the length of report, content of report, specific geographic coverage area, time of broadcast, number of reports aired per day, broadcaster's style, etc.) are customized to meet each individual affiliate's requirements. The Company typically works closely with the program directors, news directors and general managers of its affiliates to ensure that the Company's services meet its affiliates' goals and standards. The Company and its affiliates jointly select the on-air talent to ensure that each on-air talent's style is appropriate for the station's format. The Company's on-air talent often becomes integral "personalities" on such affiliates' station as a result of their significant on-air presence and interaction with the station's on-air personnel. In order to realize operating efficiencies, the Company endeavors to utilize its professional on-air talent on multiple affiliate stations within a particular market.

The Company generally does not require its affiliates to identify the Company as the supplier of its information reports. This provides the Company's affiliates with a high degree of customization and flexibility, as each affiliate has the right to present the information reports provided by the Company as if the affiliate had generated such reports with its own resources.

As a result of its extensive network of operations and talent, the Company regularly reports breaking and important news stories and provides its affiliates with live coverage of these stories. The Company is able to customize and personalize its reports of breaking stories using its individual affiliates' call letters from the scene of news events. Past examples have included

providing live airborne coverage of the September 11 terrorist attack on the World Trade Center and the Seattle earthquake, among others. By using our news helicopters, the Company feeds live video to television affiliates around the country. Moreover, by leveraging our infrastructure, the same reporters provided live customized airborne reports for the Company's radio affiliates via the Company's Metro Source service, which is described below. The Company believes that it is the only radio network news organization that has local studio operations that cover in excess of 90 markets and that is able to provide such customized reports to these markets.

Metro Source, an information service available to subscribing affiliates, is a total information system and digital audio workstation that allows the Company's news affiliates to receive via satellite and view, write, edit and report the latest news, features and show preparation material. With this product, the Company provides continuously updated and breaking news, weather, sports, business and entertainment information to its affiliate stations which have subscribed to the service. Information and content for Metro Source are primarily generated from the Company's staff of news bureau chiefs, state correspondents and professional news writers and reporters.

Local, regional and national news and information stories are fed to the Company's national news operations center in Phoenix, Arizona where the information is verified, edited, produced and disseminated via satellite to the Company's internal Metro Source workstations located in each of its operations centers and to workstations located at affiliate radio stations nationwide. Metro Source includes proprietary software that allows for customizing reports and editing in both audio and text formats. The benefit to stations is that Metro Source allows them to substantially reduce time and cost from the news gathering and editing process at the station level, while providing greater volume and quality news and information coverage from a single source.

Television Programming Services

The Company supplies Television Traffic Services ("MetroTV Services") to over 200 television stations. Similar to its radio programming services, with its MetroTV Services the Company supplies customized information reports which are generally delivered on air by its reporters to its television station affiliates. In addition, the Company supplies customized graphics and other visual programming elements to its television station affiliates.

The Company utilizes live studio cameras in order to enable its traffic reporters to provide its Video News Services on television from the Company's local broadcast studios. In addition, the Company provides its Video News Services from its aircraft and fixed-position based camera systems. The Video News Services include: (i) live video coverage from strategically located fixed-position camera systems; (ii) live video news feeds from the Company's aircraft; and (iii) full-service, 24 hours per day/7 days per week video coverage from the Company's camera crews using broadcast quality camera equipment and news vehicles.

Information Services

The Company's Information Services ("IS") develops non-broadcast traffic information. IS develops innovative techniques for gathering local traffic and transportation information, as well as new methods of distributing such information to the public. The Company believes that in order to remain competitive and to continue to provide an information product of the highest quality to its affiliates, it is necessary to invest in and participate in the development of new technology. Accordingly, in 2000 the Company acquired the operating assets of SmartRoute Systems, Inc. ("SmartRoute"). The Company is currently working with several public and private entities across the United States to improve dissemination of traffic and transportation information. The Company is a supplier of information to the wireless telephone industry, providing customized traffic information, direction services, and other local information to wireless subscribers via the Company's STAR JAM (TM) and STAR FIND (TM) services. IS revenues are not presently a significant source of revenues to the Company.

The Company, through SmartRoute, collects, organizes and distributes a database of advanced traveler information to automobiles, homes and offices through various electronic media and telecommunications. The Company delivers its information under the SmartTraveler brand name. In addition, the Company has participated in a number of federally funded Intelligent Transportation Systems Field Operational tests and Model Deployment Initiatives including the AZTech Model Deployment in Phoenix, the Smart Trek Model Deployment in Seattle, TravInfo, TransCal, St. Louis, Salt Lake City, the Atlanta Olympics Technology Showcase, Partners in Motion in the Washington DC area, Advanced Regional Traffic Interactive Management and Information System Program in Ohio, Kentucky and Indianapolis, ORION City Model deployment with Minnesota DOT and Traffic Wise in Indianapolis, and Advanced Traveler Information System in Massachusetts, Connecticut, Pennsylvania and New Jersey.

The Company has been working with a variety of private companies to deploy commercial products and services involving traveler information. These relationships allow for the provision of information on a personalized basis

through numerous delivery mechanisms, including the internet, paging, FM subcarrier, traditional cellular and newly-developed and evolving wireless systems. Information can be delivered to a wide array of devices including pagers, computers, and in-vehicle navigation and information systems.

The Company believes that its extensive fleet of aircraft and other information-gathering technology and broadcast equipment have allowed the Company to provide high quality programming, enabling it to retain and expand its affiliate base. In the aggregate, the Company utilizes approximately: 125 helicopters and fixed-wing aircraft; 30 mobile units; 30 airborne camera systems; 125 fixed-position camera systems; 75 broadcast studios; and 1,300 broadcasters and producers. The Company also maintains a staff of computer programmers and graphics experts to supply customized graphics and other visual programming elements to television station affiliates. In addition, the Company's operations centers and broadcast studios have sophisticated computer technology, video and broadcast equipment and cellular and wireless technology, which enables the Company's on-air talent to deliver accurate reports to its affiliates. The infrastructure and resources dedicated to a specific market by the Company are determined by the size of the market, the number of affiliates the Company serves in the market and the type of services being provided.

National Radio Programming

The Company produces and distributes 24/7 Formats, 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.

The Company controls most aspects of production of its programs, thereby being able to tailor its programs to respond to current and changing listening preferences. The Company produces regularly scheduled short-form programs (typically five minutes or less), long-form programs (typically 60 minutes or longer) and 24/7 Formats. Typically, the short-form programs are produced at the Company's in-house facilities located in Culver City, California, and New York, New York. The long-form programs include shows produced primarily at the Company's in-house production facilities and recordings of live concert performances and sports events made on location. The 24/7 Formats are produced at the Company's facilities in Valencia, California.

Westwood One also produces and distributes special event syndicated programs. In 2002, the Company produced and distributed numerous special event programs, including exclusive broadcasts of The Grammy Awards, MTV's Live from The Rock and Roll Hall of Fame, VH1 Divas Las Vegas Special and The NFL Kick-Off Concert from Times Square in New York City, among others.

Westwood One obtains most of the programming for its concert series by recording live concert performances of prominent recording artists. The agreements with these artists often provide the exclusive right to broadcast the concerts worldwide over the radio (whether live or pre-recorded) for a specific period of time. The Company may also obtain interviews with the recording artist and retain a copy of the recording of the concert and the interview for use in its radio programs and as additions to its extensive tape library. The agreements provide the artist with master recordings of their concerts and nationwide exposure on affiliated radio stations. In certain cases, the artists may receive compensation.

Westwood One's syndicated programs are primarily produced at its in-house production facilities. The Company determines the content and style of a program based on the target audience it wishes to reach. The Company assigns a producer, writer, narrator or host, interviewer and other personnel to record and produce the programs. Because Westwood One controls the production process, it can refine the programs' content to respond to the needs of its affiliated stations and national advertisers. In addition, the Company can alter program content in response to current and anticipated audience demand.

The Company produces and distributes seven 24/7 Formats providing music, news and talk programming for Country, Hot Country, Adult Contemporary, Soft AC, Oldies, Adult Standards, and the Adult Rock and Roll formats. Using its production facilities in Valencia, California, the Company provides all the programming for stations affiliated with each of these formats. Affiliates compensate the Company for these formats by providing the Company with a portion of their commercial air time and, in most cases, cash fees.

The Company believes that its tape library is a valuable asset for its future programming and revenue generating capabilities. The library contains previously broadcast programs, live concert performances, interviews, daily news programs, sports and entertainment features, Capitol Hill hearings and other special events. New programs can be created and developed at a low cost by excerpting material from the library.

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Affiliated Radio Stations

The Company's business strategy is to provide for the programming needs of radio stations by supplying to radio stations programs and services that individual stations may not be able to produce on their own on a cost effective basis. The Company offers radio stations traffic and news information as well as a wide selection of regularly scheduled and special event syndicated programming and 24/7 Formats. The information, programs and formats are produced by the Company and, therefore, the stations typically have virtually no production costs. With respect to the Company's programs and formats, each program or format is offered for broadcast by the Company exclusively to one station in its geographic market, which assists the station in competing for audience share in its local marketplace. In addition, except for news programming, Westwood One's programs contain available commercial air time that the stations may sell to local advertisers. Westwood One typically distributes promotional announcements to the stations and places advertisements in trade and consumer publications to further promote the upcoming broadcast of its programs.

Westwood One enters into affiliation agreements with radio stations which require the affiliate to provide the Company with a specific number of commercial positions which it aggregates by similar day and time periods and resells to its advertisers. Some affiliation agreements also require a station to broadcast the Company's programs and to use a portion of the program's commercial slots to air national advertisements and any related promotional spots. With respect to 24/7 Formats, the Company typically receives a portion of the commercial airtime and a cash fee from the affiliated stations for the right to broadcast the formats. Radio stations in the top 200 national markets may also receive compensation for airing national advertising spots.

Affiliation agreements specify the number of times and the approximate daypart each program and advertisement may be broadcast. Westwood One requires that each station complete and promptly return to the Company an affidavit (proof-of-performance) that verifies the time of each broadcast. Affiliation agreements generally run for a period of at least one year, are automatically renewable for subsequent periods and are cancelable by either the Company or the station upon 90 days' notice.

The Company has personnel responsible for station sales and marketing its programs to radio stations. The Company's staff develops and maintains close, professional relationships with radio station personnel to provide them with quick programming assistance.

Advertising Sales and Marketing

The Company packages its radio commercial airtime inventory on a network basis, covering all affiliates in relevant markets, either regionally or nationally. This packaged inventory typically appeals to advertisers seeking a broad demographic reach. Because the Company generally sells its commercial airtime inventory on a network basis rather than station-by-station, the Company does not compete for advertising dollars with its local radio station affiliates. The Company believes that this is a key factor in maintaining its affiliate relationships. The Company packages its television commercial airtime inventory on a regional and national network basis. The Company has developed a separate sales force to sell its television commercial airtime inventory and to optimize the efforts of the Company's national internal structure of sales representatives. The Company's advertising sales force is comprised of approximately 300 sales representatives.

In most of the markets in which the Traffic/Information Division conducts operations, the Company maintains an advertising sales office as part of its operations center. The Company's advertising sales force is able to sell available commercial airtime inventory in any and all of the Company's markets in addition to selling such inventory in each local market, which the Company believes affords its sales representatives an advantage over certain of its competitors. For example, an airline advertiser can purchase sponsorship advertising packages in multiple markets from the Company's local sales representative in the city in which the airline is headquartered.

The Company's typical radio advertisement for traffic and information programming consists of an opening announcement and a ten-second commercial message presented immediately prior to, in the middle of, or immediately following a regularly scheduled information report. Because the Company has numerous radio station affiliates in each of its markets (averaging approximately 25 affiliates per market), the Company believes that its traffic and information broadcasts reach more people, more often, in a higher impact manner than can be achieved using any other advertising medium. The Company combines its commercial airtime inventory into multiple "sponsorship" packages which it then sells as an information sponsorship package to advertisers throughout its networks on a local, regional or national basis, primarily during morning and afternoon drive periods. The Company generally does not allow an advertiser to select individual stations from its networks on which to run its advertising campaign.

The Company believes that the positioning of advertisements within or adjacent to its information reports appeals to advertisers because the advertisers' messages are broadcast along with regularly scheduled programming during peak morning and afternoon drive times when a majority of the radio audience is listening. Radio advertisements broadcast during these times typically generate premium rates. Moreover, surveys commissioned by the Company demonstrate that because the Company's customized information reports are related to topics of significant interest to listeners, listeners often seek out the Company's information reports. Since advertisers' messages are embedded in the Company's information reports, such messages have a high degree of impact on listeners and generally will not be "pre-empted" (i.e., moved by the radio station to another time slot). Most of the Company's advertisements are read live by the Company's on-air talent, providing the Company's advertisers with the added benefit of an implied endorsement for their product.

Westwood One's Network Division provides national advertisers with a cost-effective way to communicate their commercial messages to large listening audiences nationwide through purchases of commercial airtime in its national radio networks and programs. An advertiser can obtain both frequency (number of exposures to the target audience) and reach (size of listening audience) by purchasing advertising time from the Company. By purchasing time in networks or programs directed to different formats, advertisers can be assured of obtaining high market penetration and visibility as their commercial messages will be broadcast on several stations in the same market at the same time. The Company, on occasion, supports its national sponsors with promotional announcements and advertisements in trade and consumer publications. This support promotes the upcoming broadcasts of Company programs and is designed to increase the advertisers' target listening audience.

Generally, the Company provides its MetroTV Services to television stations in exchange for thirty-second commercial airtime inventory that the Company packages and sells on a regional and national basis. The amount and placement of the commercial airtime inventory that the Company receives from television stations varies by market and the type of service provided by the Company. As the Company has provided enhanced television video services, it has been able to acquire more valuable commercial airtime inventory. The Company believes that it offers advertisers significant benefits because, unlike traditional television networks, the Company often delivers more than one station in major markets and advertisers may select specific markets.

The Company has established a morning news network for its advertisers' commercials to air during local news programming and local news breaks from 5:30 a.m. to 9:00 a.m. Because the Company has affiliated a large number of network television stations in major markets, its morning news network delivers a significant national household rating in an efficient and compelling local news environment. As the Company continues to expand its service offerings for local television affiliates, it plans to create additional news networks to leverage its television news gathering infrastructure.

Competition

In the MSA markets in which it operates, the Company's Traffic/Information Division competes for advertising revenue with local print and other forms of communications media including magazines, outdoor advertising, network radio and network television advertising, transit advertising, direct response advertising, yellow page directories, internet/new media and point-of-sale advertising. Although the Company is significantly larger than the next largest provider of traffic and local information services, there are several multi-market operations providing local radio and television programming services in various markets. In addition, the recent consolidation of the radio industry has created opportunities for large radio groups, such as Clear Channel Communications, to gather information on their own.

The Company's Network Division operates in a very competitive environment. In marketing its programs to national advertisers, the Company directly competes with other radio networks as well as with independent radio syndication producers and distributors. More recently, as a result of consolidation in the radio industry, companies owning large groups of stations have begun to create competing networks that have resulted in additional competition for network radio advertising expenditures. In addition, as with its Traffic/Information Division, the Network Division competes for advertising revenue with network television, cable television, print and other forms of communications media. The Company believes that the quality of its programming and the strength of its station relations and advertising sales forces enable it to compete effectively with other forms of communication media. Westwood One markets its programs to radio stations, including affiliates of other radio networks, that it believes will have the largest and most desirable listening audience for each of its programs. The Company often has different programs airing on a number of stations in the same geographic market at the same time. The Company believes that in comparison with any other independent radio syndication producer and

distributor or radio network it has a more diversified selection of programming from which national advertisers and radio stations may choose. In addition, the Company both produces and distributes programs, thereby enabling it to respond more effectively to the demands of advertisers and radio stations.

The increase in the number of program formats has led to increased competition among local radio stations for audience. As stations attempt to differentiate themselves in an increasingly competitive environment, their demand for quality programming available from outside programming sources increases. This demand has been intensified by high operating and production costs at local radio stations and increased competition for local advertising revenue.

Government Regulation

Radio broadcasting and station ownership are regulated by the Federal Communications Commission (the "FCC"). Westwood One, as a producer and distributor of radio programs and services, is generally not subject to regulation by the FCC. The Traffic/Information Division utilizes FCC regulated two-way radio frequencies pursuant to licenses issued by the FCC.

Employees

On February 1, 2003, Westwood One had approximately 2,660 employees, including an advertising sales force of approximately 300 people, and 900 part-time employees. In addition, the Company maintains continuing relationships with approximately 170 independent writers, program hosts, technical personnel and producers. Certain employees at the Company's traffic and network operations are covered by collective bargaining agreements. Including full and part-time employees, approximately 720 persons are covered by collective bargaining agreements. The Company believes relations with its employees, unions, and independent contractors are satisfactory.

Available Information

Our current and periodic reports filed with the Securities and Exchange Commission, including amendments to those reports, may be obtained through our internet website at www.westwoodone.com free of charge as soon as reasonably practicable after we file these reports with the SEC.

Item 2. Properties

The Company owns a 7,600 square-foot building in Culver City, California in which its Network Division syndicated program production facilities are located and a 14,000 square-foot building in Culver City, California which contains administrative, and sales and marketing offices. The Company also owns a 10,000 square-foot building adjacent to its offices which it subleases. In addition, the Company leases operation centers/broadcast studios and marketing and administrative offices across the United States consisting of over 275,000 square feet in the aggregate, pursuant to the terms of various lease agreements.

The Company believes that its facilities are adequate for its current level of operations.

Item 3. Legal Proceedings

None.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of the Company's shareholders during the fourth quarter of the year ended December 31, 2002.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

On February 1, 2003 there were approximately 235 holders of record of the Company's Common Stock, several of which represent "street accounts" of securities brokers. Based upon the number of proxies requested by brokers in conjunction with its 2002 shareholders' meeting the Company estimates that the total number of beneficial holders of the Company's Common Stock exceeds 5,000.

Since December 15, 1998, the Company's Common Stock has been traded on the New York Stock Exchange ("NYSE") under the symbol "WON". The following table sets forth the range of high and low last sales prices on the NYSE for the Common Stock for the calendar quarters indicated.

2002	High	Low
First Quarter	$40.00	$28.80
Second Quarter	39.73	32.46
Third Quarte	37.04	25.66
Fourth Quarter	38.98	31.72
2001		
First Quarter	$25.00	$18.18
Second Quarter	36.85	22.11
Third Quarter	36.50	21.00
Fourth Quarter	31.38	22.10

The Company does not intend to pay cash dividends. No cash dividend was paid on the Company's stock during 2002 or 2001, and the payment of dividends is restricted by the terms of its loan agreements.

Equity Compensation Plan Information

The following table contains information regarding equity compensation plans and warrants to be issued to Infinity as of December 31, 2002:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Num remai f
Equity compensation plans approved by security holders			
Options (1)	9,442,330	$19.40	
Warrants (2)	4,500,000	(2)	
Equity compensation plans not approved by security holders	-	-	
Total	13,942,330		

(1) - Options included herein were granted or are available for grant as part of the Company's 1989 and/or 1999 stock option plans that were approved by shareholders of the Company. The Company's 1999 stock option plan provides for mandatory grants of options to members of the Company's Board of Directors on an annual basis. The Compensation Committee of the Board of Directors approves periodic option grants to Executive Officers and other employees based on their contributions to the operations of the Company.

(2) - Warrants included herein were granted to Infinity in conjunction with the Infinity Management Agreement, and were approved by shareholders of the Company on May 29, 2002. Of the 4,500,000 warrants issued, two warrants to purchase 1,000,000 Common shares each have an exercise price of $43.11 and $48.36, respectively, and become exercisable only if the average price of the Company's Common Stock reaches a price of $64.67 and $77.38, respectively, for at least 20 out of 30 consecutive trading days for any period throughout the ten year term of the warrants. Of the remaining five warrants to purchase an aggregate of 2,500,000 Common shares, the exercise price for each of the five warrants will be equal to approximately 115%, 132%, 152%, 175%, and 201%, respectively, of the average price of the Company's Common Stock for the 15 trading days prior to January 2, 2004. The five warrants have a term of 10 years (only if they become exercisable) and become exercisable on January 2, 2005, 2006, 2007, 2008, and 2009,

respectively. Additionally, in order for the warrants to become exercisable, the average price of the Company's Common Stock for each of the 15 trading days prior to January 2 of such year (commencing on January 2, 2005 with respect to the first 500,000 warrant tranche and each January 2 thereafter for each of the remaining four warrants) must be at least equal to both the exercise price of the warrant and 120% of the corresponding prior year 15 day trading average.

Item 6. SELECTED FINANCIAL DATA
(In thousands except per share data)

The Selected Financial Data in the table below are derived from the consolidated financial statements of Westwood One. The data should be read in conjunction with the consolidated financial statements, related notes, and other financial information included herein.

The per share amounts included herein have been restated to reflect on a retroactive basis the Company's two-for-one stock split which was effected on March 22, 2000.

	2002 (1)	2001	2000
OPERATING RESULTS FOR YEAR ENDED DECEMBER 31:			
Net Revenues	$550,751	$515,940	$553,693
Operating and Corporate Costs, Excluding Depreciation and Amortization	360,390	349,936	388,095
Depreciation and Amortization	11,464	67,611	62,104
Operating Income	178,897	98,393	103,494
Net Income	$109,115	$43,195	$42,283
Income Per Basic Share	$ 1.03	$.40	$.38
Income Per Diluted Share	$ 1.00	$.38	$.36
BALANCE SHEET DATA AT DECEMBER 31:			
Current Assets	$153,628	$140,527	$ 153,881
Working Capital	63,542	35,012	15,679
Total Assets	1,266,312	1,210,017	1,285,556
Long-Term Debt	232,135	152,000	168,000
Total Shareholders' Equity	903,040	915,371	949,892

(1) Results for the year ended December 31, 2002 include the effects of adopting Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets" ("SFAS 142"). Retroactive application was prohibited.

(2) Results for the year ended December 31, 1999 include the results of Metro from the date of the merger on September 22, 1999.

(3) Results for the year ended December 31, 1998 include the Shadow Traffic Operations for 10 markets from the time they were acquired in May 1998.

-- No cash dividend was paid on the Company's Common Stock during the periods presented above.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
(In thousands except for share and per share amounts)

Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 141, "Business Combinations" ("SFAS 141") and SFAS 142. The Statements require all business combinations to be accounted for under the purchase method and prohibits the amortization of goodwill and indefinite-lived intangible assets, requires that reporting units be identified for the purpose of assessing potential future impairments of goodwill and removes the forty-year limitation on the amortization period of intangible assets that have finite lives. As a result, the Company has included pro forma disclosures to compare the current year operating results to those that would have been reported had the Statements been applied as of January 1, 2001.

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 and expenses excluding depreciation and amortization 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

Westwood One derives substantially all of its revenue from the sale of advertising time to advertisers. Net revenues increased 7% to $550,751 in 2002 from $515,940 in 2001, and decreased 7% in 2001 from $553,693 in 2000. The 2002 increase in net revenue was due principally to increased advertising rates and better inventory management at both our network and traffic divisions, the exclusive radio broadcast of the Winter Olympics from Salt Lake City and as a result of launching new programming. The 2001 decrease in net revenue was due to non-recurring revenues from the 2000 Summer Olympics from Sydney, Australia, a reduction of spending by internet companies, the cancellation of programming and advertising commitments due to the events of September 11, 2001 and a slowdown in the advertising market generally.

Operating costs and expenses excluding depreciation and amortization increased 3% to $352,385 in 2002 from $343,120 in 2001, and decreased 10% in 2001 from $380,346 in 2000. The 2002 increase was principally due to broadcast rights fees and other related costs associated with the Company's exclusive radio broadcast of the Winter Olympics, higher bad debt expense, new program costs and higher sports rights fees, partially offset by reductions in personnel costs and affiliate compensation. The 2001 decrease was primarily attributable to the non-recurrence of broadcast rights fees and related costs associated with the 2000 Summer Olympics, tight cost controls, reductions in affiliate and personnel costs, and lower revenue related expenses including bad debts, partially offset by operating costs incurred for the full year in 2001 associated with the operations of SmartRoute, whose assests were acquired in November 2000.

Depreciation and amortization decreased 83% to $11,464 in 2002 from $67,611 in 2001, and increased 9% in 2001 from $62,104 in 2000. The decrease in 2002 was principally attributable to the Company's adoption of SFAS 142, which prohibits the Company from continuing to amortize goodwill and lower depreciation expense resulting from a change in useful lives surrounding certain studio and broadcasting equipment as well as a result of certain assets becoming fully depreciated. The 2001 increase was principally attributable to depreciation and amortization related to the acquisition of the operating assets of SmartRoute.

Corporate general and administrative expenses increased 17% to $8,005 in 2002 from $6,816 in 2001, and decreased 12% in 2001 from $7,749 in 2000. The 2002 increase was principally attributable to a higher incentive bonus earned by Infinity pursuant to the terms of the Management Agreement and higher insurance costs. The decrease in 2001 was principally attributable to a lower incentive bonus earned by Infinity pursuant to the terms of the Management Agreement.

Operating income increased 82% to $178,897 in 2002 from $98,393 in 2001, and decreased 5% in 2001 from $103,494 in 2000. The 2002 increase was primarily attributable to higher net revenue and lower depreciation and amortization expense resulting from the adoption of SFAS 142. On a pro forma basis, assuming the Company had adopted the provisions of SFAS 142 on January 1, 2001, the Company's operating income would have increased by approximately 24%. The 2001 decrease was due to lower revenues and higher depreciation and amortization partially offset by a reduction in operating costs.

Interest expense was $6,955, $8,705 and $10,785 in 2002, 2001 and 2000, respectively. The 2002 decrease was attributable to lower interest rates, partially offset by higher debt levels. The 2001 decrease was attributable to lower interest rates and debt levels.

The income tax provisions for 2002, 2001 and 2000 are based on annual effective tax rates of 37%, 51% and 55%, respectively, resulting in income tax expense of $62,937, $45,564 and $51,085 in 2002, 2001 and 2000, respectively. Both the Company's effective income tax rates and reported income tax expense were affected by the Company's adoption of SFAS 142. On a pro forma basis, assuming the Company had adopted the provisions of SFAS 142 on January 1, 2001, the Company's effective income tax rate would have been approximately 35% in 2001. For the years ended December 31, 2002, 2001 and 2000 a portion of the Company's income tax expense is non-cash as a result of tax deductions related to stock option exercises and warrant purchases of $39,245, $32,901 and $9,734, respectively, which are credited directly to additional paid in capital.

Net income in 2002 increased 153% to $109,115 ($1.03 per basic share and $1.00 per diluted share) from $43,195 ($.40 per basic share and $.38 per diluted share) in 2001 and increased 2% in 2001 from $42,283 ($.38 per basic share and $.36 per diluted share) in 2000. On a pro forma basis, assuming the Company had adopted the provisions of SFAS 142 on January 1, 2001, the Company's net income, net income per basic share and net income per diluted share would have increased by approximately 24%, 26% and 28%, respectively, in 2002.

Weighted averages shares outstanding for purposes of computing basic earnings per share were 105,992,000, 107,551,000 and 110,640,000 in 2002, 2001 and 2000, respectively. The decreases in 2002 and 2001 were primarily attributable to Common Stock repurchases under the Company's stock repurchase program partially offset by additional share issuances as a result of stock option exercises. Weighted average shares outstanding for purposes of computing diluted earnings per share were 109,101,000, 112,265,000 and 115,864,000 in 2002, 2001 and 2000, respectively. The changes in weighted average diluted shares are due principally to the decrease in basic shares and warrant repurchases partially offset by the effect of stock option grants and the increase in the Company's stock price.

Liquidity and Capital Resources

We finance our business 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 December 31, 2002, the Company's principal sources of liquidity were its cash and cash equivalents of $7,371 and available borrowings under its loan agreement of $205,000.

For 2002, net cash from operating activities was $147,618, an increase of $1,945 from 2001. Cash flow from operations was principally used to fund the Company's stock repurchase program.

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

At December 31, 2002, the Company had an unsecured $235,000 bank revolving credit facility (the "Facility"), $50,000 in senior unsecured notes due in 2009 and $150,000 in senior unsecured notes due in 2012 (collectively the "Notes"). Proceeds from the Notes, which were issued in December 2002, were used to repay outstanding borrowings under the Company's Facility and term loan. At December 31, 2002, the Company had available borrowings of $205,000 under its Facility ($147,000 at December 31, 2001). The amount of the Facility is scheduled to be reduced by $7,500 at the end of each quarter during 2003. In addition, the Company has entered into, fixed to floating interest rate swap agreements for 50% of the notional amount of the Notes. The Facility and/or Notes contain covenants relating to dividends, liens, indebtedness, capital expenditures and interest coverage and leverage ratios. None of these covenants are expected to have an impact on the Company's ability to operate and manage its business.

In 2002, the Company purchased 7,414,000 shares of the Company's Common Stock and warrants for a total cost of $239,407. In 2001, the Company purchased approximately 6,152,000 shares of the Company's Common Stock for a total cost of $146,278 and in 2000, purchased approximately 5,190,000 shares of the Company's Common Stock for a total cost of $123,431. In 2003 (through February 28, 2003), the Company repurchased an additional 1,075,000 shares of Common Stock at a cost

of $37,638. 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.

Contractual Obligations and Commitments

The following table lists the Company's future contractual obligations and commitments as of December 31, 2002:

Contractual Obligations	Total	Payments due by Period