WESTWOOD ONE INC /DE/
Form 10-K
March 16, 2005

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, 2004
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	95-3980449
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
40 West 57th Street New York, NY (Address of principal executive offices)	10019 (Zip Code

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

Securities Registered Pursuant to Section 12(b) of the Act:

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 was approximately $1.91 billion based on the last reported sales price of the registrant's Common Stock on June 30, 2004 (the last business day of the most recently completed second quarter) and 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, 2005, 94,355,915 shares (excluding treasury shares) of Common Stock, par value $0.01 per share, were outstanding and 291,796 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 2005 annual meeting of shareholders (which will be filed with the Commission within 120 days of the registrant's 2004 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 derives substantially all of its revenues from the sale of :10 second, :30 second and :60 second commercial airtime to advertisers. The Company obtains the commercial airtime it sells to advertisers from radio and television affiliates in exchange for the programming or information services it provides to them. In some cases, the Company supplements the commercial airtime it receives from programming and information services by providing affiliates with compensation to obtain additional commercial airtime. That commercial airtime is sold to local/regional advertisers (typically :10 second commercial airtime) and to national advertisers (typically :30 or :60 second commercial airtime). By purchasing commercial airtime from the Company, advertisers are able to have their commercial messages broadcast on radio and television stations throughout the United States, reaching demographically defined listening audiences.

The Company provides local traffic and information broadcast reports in over 95 of the top 100 Metro Survey Area markets (referred to herein as "MSA markets") in the United States. The Company also 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 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 11,000 commercial radio stations in the United States.

A radio station selects a style of programming ("format") to attract a target listening audience and thereby attracts advertisers that are targeting that audience demographic. 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 advertising revenue.

Radio Advertising

Radio advertising time can be purchased on a local, regional or national basis. Local and regional 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 national radio network allows an advertiser to target its commercial messages to a specific demographic audience, nationally, 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 plan its network audience delivery and demographic composition, specific measurement information is available to advertisers from independent rating services 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

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 airtime that the stations may sell to local advertisers. Westwood One typically distributes promotional announcements to the stations and occasionally places advertisements in trade and consumer publications to further promote the upcoming broadcast of its programs.

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 Networks, Inc., which broadcast 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 95 of the top 100 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.

Westwood One enters into affiliation arrangements 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 in exchange for the stations receiving the right to broadcast the formats.

Affiliation arrangements 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 and are automatically renewable for subsequent periods. The Company has agreements with over 5,000 radio stations, many of which have more than one arrangement.

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.

Local Traffic and Information Programming

The Company, through its Traffic and 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 third parties for distribution through the internet, wireless devices or personal digital assistants ("PDAs") and various other distribution channels. 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 become integral "personalities" on such affiliate stations as a result of their significant on-air presence and interaction with the stations' 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 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; 39 mobile units; 32 airborne camera systems; 125 fixed-position camera systems; 70 broadcast studios; and 1,400 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 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.

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 the 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, among others, providing live airborne coverage of the September 11 terrorist attack on the World Trade Center and the Seattle earthquake. By using our news helicopters, the Company feeds live video to television affiliates around the country. Moreover, by leveraging our infrastructure, the same reporters provide 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 95 markets and that is able to provide customized reports to these markets.

Metro Source, an information service available to subscribing affiliates, is an 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 is 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.

-3-

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.

SmartRoute Systems

In 2000 the Company acquired the operating assets of SmartRoute ("SRS") which develops non-broadcast traffic information. SRS 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. The Company is currently working with several public and private entities across the United States to improve dissemination of traffic and transportation information. SRS 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 SRS brand name. In addition, the Company has participated in a number of Federal and State funded Intelligent Transportation System projects, including various operational, 511 Interactive Voice Response ("IVR"), advanced web sites, and combined advanced traveler and transit information systems for Massachusetts, Florida, North Carolina, Virginia, Missouri and New Jersey Departments of Transportation. SRS also operates Traffic Management Centers for Jacksonville, Florida; Massachusetts; South East Florida; and New Jersey Departments of Transportation.

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.

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 the 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 2004, the Company produced and distributed numerous special event programs, including exclusive radio broadcasts of The Grammy Awards, the Academy of Country Music Awards, MTV Music Awards and the BET Awards, 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

-4-

worldwide over the radio (whether live or pre-recorded) for a specified 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 Adult Contemporary, 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.

Advertising Sales and Marketing

The Company packages its radio commercial airtime on a network basis, covering all affiliates in relevant markets, either locally, regionally or nationally. This packaged airtime typically appeals to advertisers seeking a broad demographic reach. Because the Company generally sells its commercial airtime 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 on a local, regional and national network basis. The Company has developed a separate sales force to sell its television commercial airtime 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 260 sales representatives and sales managers.

In most of the markets in which the Traffic and 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 in any and all of the Company's markets in addition to selling such airtime 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 in our top 50 markets), 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 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 that the Company packages and sells on a national basis. The amount and placement of the commercial airtime 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. 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 TV 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 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 consolidation of the radio industry has created opportunities for large radio groups, such as Clear Channel Communications, to gather information on their own.

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, the Company 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 information services, is generally not subject to regulation by the FCC. The Traffic and Information Division utilizes FCC regulated two-way radio frequencies pursuant to licenses issued by the FCC.

Employees

On February 1, 2005, Westwood One had approximately 2,547 employees, including an advertising sales force of approximately 260 people and 846 part-time employees. In addition, the Company maintains continuing relationships with numerous independent writers, program hosts, technical personnel and producers. Approximately 689 of the Company's employees are covered by collective bargaining agreements. The Company believes relations with its employees, unions, and independent contractors are satisfactory.

Available Information

The Company is a Delaware corporation, having re-incorporated in Delaware on June 21, 1985. Our current and periodic reports filed with the Securities and Exchange Commission ("SEC"), 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 7,300 square-foot building in Culver City, California, which houses the syndicated program production facilities and a 14,000 square-foot building in Culver City, California, which contains administrative, and sales and marketing, as well as its two traffic and news reporting divisions, Metro Networks and Shadow Broadcast Services. The Company also owns a 7,900 square-foot building adjacent to its administrative and sales and marketing offices in Culver City, California, which it subleases. In addition, the Company leases operation centers/broadcast studios and marketing and administrative offices across the United States consisting of over 365,000 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

None.

PART II

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

On March 1, 2005 there were approximately 211 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 2004 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.

2004	High	Low
First Quarter	$34.66	$27.82
Second Quarter	32.40	22.76
Third Quarter	24.36	19.21
Fourth Quarter	26.95	20.12
2003		
First Quarter	$39.15	$29.60
Second Quarter	35.56	31.05
Third Quarter	33.73	29.30
Fourth Quarter	34.40	29.60

The last sales price for the Company's Common Stock on the NYSE on March 1, 2005 was $22.00.

The Company does not intend to pay cash dividends. No cash dividend was paid on the Company's stock during 2004 or 2003, and the payment of dividends is restricted by the terms of its loan agreements, to the extent that such a payment would cause an event of default.

There is no established public trading market for our Class B Stock. However, the Class B Stock is convertible to Common Stock on a share-for-share basis. On March 1, 2005 there were 3 holders of record of the Company's Class B Stock.

Equity Compensation Plan Information

The following table contains information regarding equity compensation plans and warrants issued to Infinity under the Management Agreement as of December 31, 2004:

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	Number remainin futu
Equity compensation plans approved by security holders			
Options (1)	7,996,018	$24.90	
Warrants (2)	4,500,000	49.44	
Equity compensation plans not approved by security holders	-	-	
Total	12,496,018		

(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 seven warrants issued, two warrants to purchase an aggregate of 2,000,000 shares of Common Stock 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 shares of Common Stock, the exercise price for each of the five warrants is equal to $38.87, $44.70, $51.40, $59.11, and $67.98, respectively. 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. However, 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. In the case of the $38.87 warrants, the Company's average stock price for the 15 trading days prior to January 2, 2005 must equal or exceed $40.56 for the warrants to become exercisable. The average stock price for the 15 trading days prior to January 2, 2005 did not equal or exceed $40.56, and therefore, the warrants did not become exercisable.

Issuer Purchases of Equity Securities

Period	Number of Shares Purchased in Period	Average Price Paid Per Share	Total Number Shares Purchased as Part of Publicly Announced Plans or Programs	Approxi Value of May Yet B Under th P
October 2004	475,000	$20.93	11,191,224	$186
November 2004	860,000	22.84	12,051,224	166
December 2004	185,000	25.31	12,236,224	162
	1,520,000	$22.54		

(A) Represents remaining authorization from the $250 million repurchase authorization approved on September 25, 2002 and the additional $250 million repurchase authorization approved by the Company's Board of Directors on February 24, 2004.

Item 6. Selected Financial Data
(In thousands except per share data)

	2004 (1)	2003 (1)	2002 (1)	2
OPERATING RESULTS FOR YEAR ENDED DECEMBER 31:				
Net Revenues	$562,246	$539,226	$550,751	$
Operating and Corporate Costs, Excluding Depreciation and Amortization	378,240	357,688	360,390	
Depreciation and Amortization	18,429	11,513	11,464	
Operating Income	165,577	170,025	178,897	
Net Income	$95,490	$100,039	$109,115	
Income Per Basic Share	$.98	$.99	$ 1.03	
Income Per Diluted Share	$.97	$.97	$ 1.00	
BALANCE SHEET DATA AT DECEMBER 31:				
Current Assets	$174,346	$165,495	$153,628	$
Working Capital	93,005	81,433	63,542	
Total Assets	1,246,279	1,262,034	1,266,312	1,
Long-Term Debt	359,439	300,366	232,135	
Total Shareholders' Equity	784,493	835,950	903,040	

-9-

(1) Results for the years ended December 31, 2004, 2003, and 2002 include the effects of adopting Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets" ("SFAS 142"). Retroactive application prior to January 1, 2002 was prohibited.

-- 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)

EXECUTIVE OVERVIEW

Westwood One supplies radio and television stations with content, 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 commercial airtime that we sell to our advertisers is acquired from radio and television affiliates in exchange for our programming, content, information, and in certain circumstances, cash compensation.

The radio broadcasting industry has experienced a significant amount of consolidation in recent years. As a result, certain major radio station groups, including Infinity and Clear Channel Communications, have emerged as powerful forces in the industry. Westwood One is managed by Infinity under a Management Agreement, which expires on March 31, 2009. While Westwood One provides programming to all major radio station groups, the Company has affiliation agreements with most of Infinity's owned and operated radio stations, which in the aggregate, provide the Company with a significant portion of the audience that it sells to advertisers. Accordingly, the Company's operating performance could be materially adversely impacted by its inability to continue to renew its affiliate agreements with Infinity stations.

The Company derives substantially all of its revenues from the sale of :10 second, :30 second and :60 second commercial airtime to advertisers. Our advertisers who target local/regional audiences generally find the most effective method is to purchase shorter duration :10 second advertisements, which are principally correlated to traffic and information related programming and content. Our advertisers who target national audiences generally find the most cost effective method is to purchase longer :30 or :60 second advertisements, which are principally correlated to news, talk, sports and music and entertainment related programming and content. A growing number of advertisers purchase both local/regional and national airtime. Generally, the greater amount of programming we provide our affiliates the greater amount of commercial airtime becomes available for the Company to sell. Additionally, over an extended period of time an increase in the listening audience results in our ability to generate more revenues. Our goal is to maximize the yield of our available commercial airtime to optimize revenues.

In managing our business, we develop programming and exploit the commercial airtime by concurrently taking into consideration the demands of our advertisers on both a market specific and national basis, the demands of the owners and management of our radio station affiliates, and the demands of our programming partners and talent. Our continued success and prospects for growth are dependent upon our ability to manage the aforementioned factors in a cost effective manner. Our results may also be impacted by overall economic conditions, trends in demand for radio related advertising, competition, and risks inherent in our customer base, including customer attrition and our ability to generate new business opportunities to offset any attrition.

There are a variety of factors that influence the Company's revenues on a periodic basis including but not limited to: (i) economic conditions and the relative strength or weakness in the United States economy, (ii) advertiser spending patterns and the timing of the broadcasting of our programming, principally the seasonal nature of sports programming, (iii) advertiser demand on a local/regional or national basis for radio related advertising products, (iv) increases or decreases in our portfolio of program offerings and related audiences, including changes in the demographic composition of our audience base and (v) competitive and alternative programs and advertising mediums.

Our ability to specifically isolate the relative historical aggregate impact of price and volume is not practical as commercial airtime is sold and managed on an order-by-order basis. It should be noted, however, that the Company closely monitors advertiser commitments for the current calendar year, with particular emphasis placed on a prospective three month period. Factors impacting the pricing of commercial airtime include, but are not limited to: (i) the dollar value, length and breadth of the order, (ii) the desired reach and audience demographic, (iii) the quantity of commercial airtime available for the desired demographic requested by the advertiser for sale at the time their order is negotiated; and (iv) the proximity of the date of the order placement to the desired broadcast date of the commercial airtime. Our commercial airtime is perishable, and accordingly, our revenues are significantly impacted by the commercial airtime available at the time we enter into an arrangement with an advertiser.

The principal critical components of our operating expenses are programming, production and distribution costs (including affiliate compensation and broadcast rights fees), selling expenses (including bad debt expenses, commissions and promotional expenses), depreciation and amortization, and

corporate, general and administrative expenses. Corporate general and administrative expenses are primarily comprised of costs associated with the Infinity Management Agreement, personnel costs and other administrative expenses, including those associated with corporate governance matters.

We consider the Company's operating cost structure to be predominantly fixed in nature, and as a result, the Company needs at least several months lead-time to make modifications to its cost structure to react to what it believes are more than temporary increases or decreases in advertiser demand. This factor is important in predicting the Company's performance in periods when advertiser revenues are increasing or decreasing. In periods where advertiser revenues are increasing, the fixed nature of a substantial portion of our costs means that Operating Income will grow faster than the related growth in revenue. Conversely, in a period of declining revenues Operating Income will decrease by a greater percentage than the decline in revenue because of the lead-time needed to reduce the Company's operating cost structure. Furthermore, if the Company perceives a decline in revenue to be temporary, it may choose not to reduce its fixed costs, or may even increase its fixed costs, so as to not limit its future growth potential when the advertising marketplace rebounds.

Revenues

Revenues presented by type of commercial advertisements are as follows for the years ending December 31,:

	2004		2003		2
	$	% of Total	$	% of Total	$

Local/Regional	$299,307	53%	$283,687	53%	$302,554
National	262,939	47%	255,539	47%	248,197
Total (1)	$562,246	100%	$539,226	100%	$550,751

(1) As described above, the Company currently aggregates revenue data based on the type of commercial airtime sold. A number of advertisers purchase both local/regional and national commercial airtime. Accordingly, this factor should be considered in evaluating the relative revenues generated on a local/regional versus national basis. Our objective is to optimize total revenues from those advertisers.

Revenues for the year ended December 31, 2004 increased $23,020, or 4.3%, compared with the year ended December 31, 2003. The increase in revenues is attributable to an increase in demand for the Company's local/regional commercial airtime, coupled with non-comparable revenues associated with the Company's exclusive 2004 Summer Olympic broadcast. During the year ended December 31, 2004, revenues aggregated from the sale of local/regional airtime increased approximately 5.5%, or approximately $15,620, while national based revenues increased approximately 2.9%, or $7,400.

The increase in local/regional revenues was facilitated by a combination of an overall increase in demand for our :10 second commercial airtime, an increase in the quantity of commercial airtime available for sale, improved inventory utilization and management resulting from a centralization of sales management functions, and the increased demand for information services and data by terrestrial and non-terrestrial users. Further, the increase in demand for our local/regional commercial airtime was greatest in the Western and Mid-Western regions.

In 2004, the increase in our aggregated national based revenues was primarily in the news and sports programming categories as a result of an estimated $6.0 million of revenue associated with the Company's exclusive 2004 Summer Olympics radio broadcast and a better radio advertising climate.

Revenues for the year ended December 31, 2003 decreased $11,525, or 2.0%, compared with the year ended December 31, 2002. The decrease was due principally to the absence of approximately $6,000 of revenues recorded in the prior year from the Company's exclusive 2002 Winter Olympics radio broadcast, an overall reduction in advertiser demand for our commercial airtime immediately prior to and concurrent with the commencement of the war with Iraq, weaker relative demand in certain local/regional markets, reduced fee based traffic information revenues of approximately $1,000 due to the expiration of certain contracts, partially offset by approximately $7,000 of incremental revenues attributable to new programming developed to reach national audiences.

During the year ended December 31, 2003, revenues aggregated from the sale of local/regional airtime declined approximately 6.2%, or approximately $18,867, while national based revenues increased approximately 3.0%, or $7,342. The decrease in local/regional revenue was greatest in the northeast and Texas regions, while revenue in the western region increased. Despite the decrease in local/regional revenues, the Company continued to invest in new traffic and information markets.

In 2003, the increase in our aggregated national based revenues was accomplished through attaining higher revenues in the news and sports programming categories through adding new sports programming and effective management of our commercial airtime partially offset by the absence of revenues from the 2002 Winter

Olympics.

We expect our revenues in 2005 to increase compared with 2004, resulting primarily from an anticipated overall increase in demand for our commercial airtime offerings due to the implementation of sales strategies to optimize network audience delivery, new programming, inventory management initiatives, and the development of new distribution alternatives for our content.

Operating Costs

Operating costs for the years ended December 31, 2004, 2003 and 2002 were as follows:

	2004		2003		
	$	% of total	$	% of total	$
Programming, production and distribution expenses	$278,232	75%	$261,754	75%	$254,77
Selling expenses	53,246	15%	53,264	15%	59,72
Other operating expenses	38,156	10%	35,564	10%	37,88
	$369,634	100%	$350,582	100%	$352,38

Operating costs increased 5.4% to $369,634 in 2004 from $350,582 in 2003, and decreased 1.0% in 2003 from $352,385 in 2002. The increase in 2004 was principally attributable to an estimated $6.0 million of costs associated with our exclusive broadcast of the 2004 Summer Olympic games, increases in programming, production and distribution expenses resulting from the investment in national audiences as a result of adding station affiliations, expanding into approximately four new traffic and information markets, the development of new program offerings and normal recurring contractual rate increases with respect to existing programming. In addition, during the year ended December 31, 2003 the Company received proceeds of $3.2 million from an insurance settlement related to claims attributable to the September 11, 2001 terrorist attacks which offset reported operating expenses for the year ended December 31, 2003.

The 2003 decrease was principally attributable to approximately $3,200 of proceeds from an insurance settlement related to claims resulting from the September 11, 2001 terrorist attacks (included in Other operating expenses in the table above). Excluding this item, operating costs increased approximately $1,400, or 0.4% in 2003. The net increase is primarily attributable to: (i) increases in programming, production and distribution expenses resulting from costs related to the development of new or expanded program offerings, new traffic and information markets, higher sports rights fees resulting from both new programming and contractual rate increases with respect to existing program commitments and additional news costs to cover the war with Iraq, partially offset by the absence of costs associated with the Company's broadcast of the 2002 Winter Olympics, (ii) lower Selling expenses including lower bad debt expense (approximately $2,800), resulting from the absence of a significant customer's bankruptcy in 2002, and lower employee related expenses, principally resulting from lower commissions earned by the Company's sales personnel due to lower revenues and (iii) lower Other operating expenses due principally to the insurance settlement discussed above.

We currently anticipate that operating costs will increase in 2005 compared with 2004 due to expenses resulting from planned additional investments in our national network audiences and programs and normal recurring contractual cost increases. In addition, we expect to make certain continued investments in our sales support functions to support our planned growth in revenues.

Depreciation and Amortization

Depreciation and amortization increased 60.1% to $18,429 in 2004 from $11,513 in 2003, and increased nominally to $11,513 in 2003 from $11,464 in 2002. The increase in 2004 was principally attributable to higher amortization resulting from an increase in the fair market value of the warrants issued to Infinity as a part of the extension of the Management Agreement which was effective in the second quarter of 2004.

Corporate General and Administrative Expenses

Corporate general and administrative expenses increased 21.1% to $8,606 in 2004 from $7,106 in 2003, and decreased 11.2% in 2003 from $8,005 in 2002. The 2004

increase was principally attributable to higher expenses associated with our corporate governance activities, including fees incurred for professional services and increased severance amounts. The 2003 decrease was principally attributable to lower compensation expense to Infinity as no incentive bonus was earned, partially offset by higher expenses associated with our corporate governance activities, including fees incurred for professional services.

We expect our corporate general and administrative costs to increase in 2005 compared with 2004. We expect to incur increased expenses relating to our compliance and corporate governance activities. Further, we note that our incentive bonus arrangement with Infinity is variable, contingent upon our performance.

Operating Income

Operating income decreased 2.6% to $165,577 in 2004 from $170,025 in 2003, and decreased 5.0% in 2003 from $178,897 in 2002. The 2004 decrease was principally attributable to higher depreciation and amortization expense and operating costs partially offset by increased net revenues. The 2003 decrease was principally attributable to the decline in revenues.

Interest Expense

Interest expense was $11,911, $10,132 and $6,955 in 2004, 2003 and 2002, respectively. The 2004 increase was attributable to higher outstanding debt and the accelerated amortization of previously capitalized deferred debt issuance costs in connection with the refinancing of our bank credit facility. The 2003 increase was attributable to higher outstanding debt in 2003 as a result of the Company's issuance of $200,000 in a combination of 7 and 10-year fixed rate Senior Unsecured Notes in the fourth quarter of 2002 and higher average interest rates. Our average effective interest rate for 2004, 2003 and 2002 was 3.1%, 3.1% and 2.9%, respectively. The increase in the 2004 and 2003 debt levels result from share repurchases pursuant to the Company's stock repurchase program, which is further described below.

We expect that our interest expense will increase in 2005 commensurate with our anticipated higher average debt levels.

Other (Income) Expense

The Company owned 450,000 shares of common stock in SportsLine.com, Inc. ("SportsLine," previously known as SportsLine USA, Inc.). In December of 2004, SportsLine was acquired by Viacom Inc. and the terms of the acquisition provided that all public shareholders' of SportsLine were entitled to receive cash upon closing of the transaction. Included in Other Income for the period ending December 31, 2004, is a net gain of $787,500 resulting from the sale of the Company's interest in SportsLine.

Provision for income taxes

The income tax provisions for 2004, 2003 and 2002 are based on annual effective tax rates of 38.2%, 37.5% and 36.6%, respectively, resulting in income tax expense of $59,124, $59,906 and $62,937 in 2004, 2003 and 2002, respectively. The Company's effective income tax rate in 2004 was higher than in 2003 principally as a result of higher state taxes resulting from recent tax developments in the states in which we operate. The Company's effective rate increased in 2003 from 2002 as a result of similar state changes. For the years ended December 31, 2004, 2003 and 2002 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 $18,182, $3,911 and $39,245 respectively, which are credited directly to additional paid in capital.

Net income

Net income in 2004 decreased 4.5% to $95,490 ($.98 per basic share and $.97 per diluted share) from $100,039 ($.99 per basic share and $.97 per diluted share) in 2003 and decreased 8.3% in 2003 from $109,115 ($1.03 per basic share and $1.00 per diluted share) in 2002.

Earnings per share

Weighted averages shares outstanding for purposes of computing basic earnings per share were 97,177,000, 101,243,000 and 105,992,000 in 2004, 2003 and 2002, respectively. The decreases in each of the previous two periods 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 98,454,000, 103,625,000 and 109,101,000 in 2004, 2003 and 2002, respectively. The changes in weighted average diluted shares are due principally to the decrease in basic shares and the effect of the decrease in the Company's share price, partially offset by the effect of stock option grants.

-14-

Liquidity and Capital Resources

The Company continually projects anticipated cash requirements, which include share repurchases, acquisitions, capital expenditures, and principal and interest payments on its outstanding indebtedness. Funding requirements are financed through cash flow from operations and the issuance of short-term borrowings and/or long-term debt.

At December 31, 2004, the Company's principal sources of liquidity were its cash and cash equivalents of $10,932 and available borrowings under its bank facility which is further described below.

The Company has and continues to expect to generate significant cash flows from operating activities. For the years ended December 31, 2004, 2003 and 2002, net cash provided by operating activities were $127,974, $107,870 and $147,618, respectively. For 2004, net cash from operating activities increased $20,104 from 2003. The increase is primarily attributable to a decrease in cash taxes paid resulting from higher tax benefits from the exercise of stock options. For 2003, net cash from operating activities decreased $39,748 from 2002. 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. Upon the adoption of Statement of Financial Accounting Standards 123R, the tax benefit from the exercise of stock options will be classified as a financing activity.

At December 31, 2004, the Company has an unsecured five-year $120,000 term loan, and a five-year $180,000 revolving credit facility (collectively the "New Facility"), both of which mature in 2009. This new facility was entered into with a syndicate of banks led by JP Morgan Chase Bank and Bank of America on March 3, 2004 when the Company refinanced its existing senior loan agreement. In connection with the closing of the facility, the Company borrowed the full amount of the term loan, the proceeds of which were used to repay the outstanding borrowing under the existing facility. As of December 31, 2004, the Company had available borrowings of $140,000 under its New Facility. Interest on the New Facility is payable at the prime rate plus an applicable margin of up to .25% or LIBOR plus an applicable margin of up to 1.25%, at the Company's option. In addition, the Company has entered into fixed to floating interest rate swap agreements for 50% of the notional amount of its two senior unsecured Notes. The New 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 conjunction with the Company's objective of enhancing shareholder value, the Company's Board of Directors has authorized a stock repurchase program. In 2004, the Company purchased 8,456,000 shares of the Company's Common Stock for a total cost of $216,503. In 2003, the Company purchased approximately 5,534,000 shares of the Company's Common Stock for a total cost of $180,412 and in 2002, purchased approximately 7,414,000 shares of the Company's Common Stock and warrants for a total cost of $239,407. In 2005 (through January 2005), the Company repurchased an additional 635,000 shares of Common Stock at a cost of $15,893. The Company expects to continue to use its cash flow and credit facilities to repurchase its Common Stock. At the end of January 2005, the Company had authorization to repurchase up to an additional $146,245 of its Common Stock.

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.

Contractual Obligations and Commitments

The following table lists the Company's future contractual obligations and commitments as of December 31, 2004:

		Payments due by Period
Contractual Obligations	Total	