



# Westwood makes Forbes list - the wrong one

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Forbes, via Audit Integrity (AI), a research boutique in LA has ranked 2,700 companies for financial risk. The group consists of all public nonfinancial companies with market values of at least \$100 million and \$150 million in assets. Focusing on the 100 firms at the top in risk, it calculates an average 8% probability of going bust over the next 12 months. Westwood One was number four on the list: "Industry: Broadcasting and cable TV; Market cap: \$101 million; Headquarters: New York; Recent news: Third-quarter 2009 revenue off \$17.8 million year-on-year. In mid-December the company announced it will cut Larry King Live from its lineup after more than 30 years."

Recently Audit Integrity began assessing bankruptcy risk as well, said the story, using not only accounting indicators like liquidity and leverage but also the AGR metrics and market measures like stock volatility. "We find governance and transparency correlate with bankruptcy," James Kaplan, AI Chairman, told Forbes. Under AI's model 81% of the public companies that went bankrupt last year would have been classified among the riskiest 10%.

Not surprisingly, many of the companies now dubbed risky find fault with AI's methodology. One criticism is that the model doesn't capture some recent balance sheet or earnings improvements. Another is that the calculations don't give companies enough credit for making debt nonrecourse or for extending maturities, the story said.

The top three:

1. Eastman Kodak
2. The Bon-Ton Stores
3. US Airways

<http://www.rbr.com/government.html>