



Westwood One fires back on Forbes story

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Westwood One announced 2/28 it strongly objects to an article recently released by Forbes.com, noting that it is misleading and based on outdated and inaccurate information, and that it fails to cite the basis for its conclusions. The article said [WW1 was number four on the list of companies likely to go bust](#) over the next 12 months.

Said WW1: “The article, based on a study by ‘Audit Integrity,’ a ‘forensic accounting’ firm, listed companies it allegedly considered to be at ‘financial risk’. Audit Integrity purportedly used a series of “proprietary models” to identify the 100 companies in its study, but failed to reconcile its study’s conclusions with the fact that, according to Audit Integrity, the average probability of bankruptcy for these same 100 companies is only 8%. It is extraordinarily misleading to associate phrases such as ‘risk lists’ and ‘likely to file for bankruptcy’ with these companies, when Audit Integrity’s own model reflects that a bankruptcy filing is unlikely to happen. Indeed, the article concedes that for one of the supposed ‘highest risk’ companies, ArvinMeritor, ‘more likely than not, it will sail through 2010 without any financial trouble’.”

Furthermore, prior to publication of the article, Westwood One said it informed Audit Integrity that the article failed to appropriately reflect its 2009 recapitalization of its equity and refinancing of its long-term debt, which substantially strengthened the company’s capital and financial structure.

Added WW1: “This transaction resulted in The Gores Group controlling 75% of the company’s common stock and the company’s lenders acquiring 23% of the company’s common stock. In addition, the company substantially reduced its debt and extended the maturity dates of all of its debt until July 2012. Westwood One’s largest shareholder and lenders demonstrated their strong commitment to the company’s business plan and vision, even in a turbulent advertising marketplace, and their interests are now strategically aligned to benefit from the success and growth of Westwood One. Moreover, since the refinancing, Westwood One has posted positive EBITDA results every quarter.”

Finally, the Forbes article cites a decline in Westwood One’s Q3 2009 revenue of 18.5%, without acknowledging that the radio industry as a whole declined at a similar rate (19%) for the same time period.

Westwood registered its objections to Audit Integrity’s methodology, and to Forbes.com publication of the article, and pointed out to Audit Integrity the errors in the data that Audit Integrity utilized in releasing its findings.

RBR-TVBR asked Audit Integrity for a response, but have not received one as of yet.

<http://www.rbr.com/radio/20596.html>