SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended September 30, 2005

Commission File No. 0-25969

RADIO ONE, INC.

(Exact name of registrant as specified in its charter)

Delaware	**52-1166660**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

5900 Princess Garden Parkway,
7th Floor
Lanham, Maryland 20706
(Address of principal executive offices)

(301) 306-1111
Registrant's telephone number, including area code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No o

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of November 4, 2005
Class A Common Stock, $.001 Par Value	14,219,240
Class B Common Stock, $.001 Par Value	2,867,463
Class C Common Stock, $.001 Par Value	3,132,458
Class D Common Stock, $.001 Par Value	84,877,689

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PART I. FINANCIAL INFORMATION

Item 1. ***Financial Statements***

RADIO ONE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
	(Unaudited)		(Unaudited)	
	(In thousands, except share data)			
NET BROADCAST REVENUE	$ 101,392	$ 84,366	$ 279,926	$ 240,238
OPERATING EXPENSES:				
Program and technical	17,157	13,272	50,606	41,005
Selling, general and administrative	36,958	23,988	89,283	70,691
Corporate expenses	6,155	4,138	17,479	12,016
Depreciation and amortization	3,114	4,368	9,731	13,359
Total operating expenses	63,384	45,766	167,099	137,071
Operating income	38,008	38,600	112,827	103,167
INTEREST INCOME	162	630	906	1,937
INTEREST EXPENSE	16,431	9,749	46,100	29,472
EQUITY IN NET LOSS OF AFFILIATED COMPANY	442	2,144	1,205	5,942
OTHER INCOME (EXPENSE), net	—	(123)	123	21
Income before provision for income taxes and minority interest in income of subsidiary	21,297	27,214	66,551	69,711
PROVISION FOR INCOME TAXES	8,742	10,446	23,839	26,693
Income before minority interest in income of subsidiary	12,555	16,768	42,712	43,018
MINORITY INTEREST IN INCOME OF SUBSIDIARY	1,089	—	1,714	—
Net income	11,466	16,768	40,998	43,018
PREFERRED STOCK DIVIDENDS	—	5,035	2,761	15,105
NET INCOME APPLICABLE TO COMMON STOCKHOLDERS	$ 11,466	$ 11,733	$ 38,237	$ 27,913
BASIC AND DILUTED NET INCOME PER COMMON SHARE	$ 0.11	$ 0.11	$ 0.36	$ 0.26
WEIGHTED AVERAGE SHARES OUTSTANDING:				
Basic	103,709,135	104,986,638	105,535,683	104,935,362
Diluted	103,902,536	105,303,330	105,711,453	105,478,109

The accompanying notes are an integral part of these consolidated statements.

RADIO ONE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	September 30, 2005 (Unaudited)	December 31, 2004
	(In thousands, except share data)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 24,627	$ 10,391
Short term investments	—	10,000
Trade accounts receivable, net of allowance for doubtful accounts of $3,317 and $4,943, respectively	69,310	61,830
Prepaid expenses and other current assets	6,365	2,845
Income tax receivable	3,650	3,650
Deferred income tax asset	3,804	4,036
Total current assets	107,756	92,752
PROPERTY AND EQUIPMENT, net	49,871	44,827
GOODWILL	134,180	116,865
RADIO BROADCASTING LICENSES	1,797,168	1,801,196
OTHER INTANGIBLE ASSETS, net	74,308	12,984
INVESTMENT IN AFFILIATED COMPANY	37,629	37,384
OTHER ASSETS	6,452	5,133
Total assets	$ 2,207,364	$ 2,111,141
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 4,908	$ 8,933
Accrued interest	9,296	14,221
Accrued compensation and related benefits	22,034	16,282
Income taxes payable	4,081	3,291
Other accrued expenses	1,871	4,752
Fair value of derivative instruments	—	246
Other current liabilities	6,520	621
Current portion of long-term debt	8	70,008
Total current liabilities	48,718	118,354
LONG-TERM DEBT, net of current portion	952,514	550,020
DEFERRED REVENUE, net of current portion	250	—
OTHER LONG-TERM LIABILITIES	6,747	—
DEFERRED INCOME TAX LIABILITY	147,856	114,322
Total liabilities	$ 1,156,085	$ 782,696
MINORITY INTEREST IN SUBSIDIARY	2,637	—
STOCKHOLDERS' EQUITY:		
Convertible preferred stock, $.001 par value, 1,000,000 shares authorized; no shares issued at September 30, 2005. 309,820 shares issued and outstanding at December 31, 2004. Liquidation preference of $1,000 per share plus cumulative dividends at 6.5% per year, unpaid dividends were $0 at September 30, 2005 and $4,198 at December 31, 2004	—	—
Common stock — Class A, $.001 par value, 30,000,000 shares authorized; 15,756,480 and 22,374,547 shares issued and outstanding at September 30, 2005 and December 31, 2004, respectively	16	22
Common stock — Class B, $.001 par value, 150,000,000 shares authorized; 2,867,463 shares issued and outstanding	3	3
Common stock — Class C, $.001 par value, 150,000,000 shares authorized; 3,132,458 shares issued and outstanding	3	3
Common stock — Class D, $.001 par value, 150,000,000 shares authorized; 83,870,449 and 76,635,971 shares issued and outstanding at September 30, 2005 and December 31, 2004, respectively	84	77
Accumulated other comprehensive gain (loss)	520	(151)
Stock subscriptions receivable	(1,548)	(34,731)
Treasury stock, at cost, 262,299 shares of Class A and 2,762,171 shares of Class D common stock	(41,222)	—
Additional paid-in capital	1,105,611	1,416,284
Accumulated deficit	(14,825)	(53,062)
Total stockholders' equity	1,048,642	1,328,445
Total liabilities and stockholders' equity	$ 2,207,364	$ 2,111,141

The accompanying notes are an integral part of these consolidated balance sheets.

RADIO ONE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2004 AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005 (UNAUDITED)

(In thousands, except share data)

	Convertible Preferred Stock	Common Stock Class A	Common Stock Class B	Common Stock Class C	Common Stock Class D	Comprehensive Income	Accumulated Other Comprehensive Income	Stock Subscriptions Receivable	Treasury Stock	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
BALANCE, as of December 31, 2003	—	23	3	3	76		(2,605)	(35,017)	—	1,410,460	(94,524)	1,278,419
Comprehensive income:												
Net income	—	—	—	—	—	61,602	—	—	—	—	61,602	61,602
Change in unrealized loss on derivative and hedging activities, net of taxes	—	—	—	—	—	2,454	2,454	—	—	—	—	2,454
Comprehensive income						$ 64,056						
Vesting of non-employee restricted stock	—	—	—	—	—		—	—	—	803	—	803
Preferred stock dividends	—	—	—	—	—		—	—	—	—	(20,140)	(20,140)
Interest on stock subscriptions receivable	—	—	—	—	—		—	(1,714)	—	—	—	(1,714)
Repayment of interest on officer loan	—	—	—	—	—		—	2,000	—	—	—	2,000
Adjustment of basis for investment in affiliated company	—	—	—	—	—		—	—	—	2,840	—	2,840
Employee exercise of options for 162,953 shares	—	—	—	—	—		—	—	—	1,721	—	1,721
Conversion of 30,000 shares of Class A common stock to 30,000 shares of Class D common stock	—	(1)	—	—	1		—	—	—	—	—	—
Tax effect on non-qualified option exercises	—	—	—	—	—		—	—	—	460	—	460
BALANCE, as of December 31, 2004	—	22	3	3	77		(151)	(34,731)	—	1,416,284	(53,062)	1,328,445
Comprehensive income:												
Net income	—	—	—	—	—	40,998	—	—	—		40,998	40,998
Change in unrealized gain on derivative and hedging activities, net of taxes	—	—	—	—	—	671	671	—	—	—		671
Comprehensive income						$ 41,669						
Adjustment of basis for investment in affiliated company	—	—	—	—	—		—	—	—	146	—	146
Vesting of non-employee restricted stock	—	—	—	—	—		—	—	—	113	—	113
Preferred stock dividends	—	—	—	—	—		—	—	—	—	(2,761)	(2,761)
Redemption of preferred stock	—	—	—	—	—		—	—	—	(309,820)	—	(309,820)
Issuance of common stock pursuant to investment in Reach Media, Inc.	—	—	—	—	2		—	—	—	25,424	—	25,426
Repayment of officer loan	—	—	—	—	—		—	15,895	—	(9,933)	—	5,962
Interest income on stock subscriptions receivable	—	—	—	—	—		—	(464)	—	—	—	(464)
Repurchase of 262,299 shares of Class A and 2,762,171 shares of Class D common stock	—	—	—	—	(1)		—	17,752	(41,222)	(18,071)	—	(41,542)
Conversion of 6,640,000 shares of Class A common stock to 6,640,000 shares of Class D common stock	—	(6)	—	—	6		—	—	—	—	—	—
Employee exercise of options for 126,517 shares	—	—	—	—	—		—	—	—	1,046	—	1,046
Tax effect on non-qualified option exercises and vesting of restricted stock	—	—	—	—	—		—	—	—	422	—	422
BALANCE, as of September 30, 2005	$ —	$ 16	$ 3	$ 3	$ 84		$ 520	$ (1,548)	$ (41,222)	$ 1,105,611	$ (14,825)	$ 1,048,642

The accompanying notes are an integral part of these consolidated statements.

RADIO ONE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004
	(Unaudited, in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 40,998	$ 43,018
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	9,731	13,359
Amortization of debt financing costs	3,660	1,272
Deferred income taxes	22,676	26,265
Equity in net loss of affiliated company	1,205	5,942
Minority interest in income of subsidiary	1,714	—
Non-cash compensation	1,452	2,062
Contract termination costs, net of amortization	5,162	—
Effect of change in operating assets and liabilities, net of assets acquired:		
Trade accounts receivable, net	(7,049)	328
Prepaid expenses and other current assets	(913)	(1,502)
Other assets	160	(184)
Accounts payable	(4,032)	500
Accrued interest	(4,925)	(6,844)
Accrued compensation and related benefits	(485)	129
Income taxes payable	563	107
Other liabilities	(67)	—
Other accrued expenses	(2,549)	(1,747)
Net cash flows from operating activities	67,301	82,705
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(12,698)	(7,454)
Equity investments	(125)	(3,183)
Acquisition of 51% of common stock of Reach Media, Inc., net of cash acquired	(21,320)	—
Change in short term investments	10,000	15,700
Purchase of other intangible assets	(874)	—
Deposits and payments for station purchases	—	(108,913)
Net cash flows used in investing activities	(25,017)	(103,850)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of debt	(455,006)	(39,381)
Proceeds from bank credit facility	587,500	50,000
Proceeds from debt issuances, net of offering costs	195,177	—
Redemption of convertible preferred stock	(309,820)	—
Proceeds from stock subscriptions due	5,962	—
Payment of bank financing costs	(4,172)	—
Payment of preferred stock dividends	(6,966)	(15,105)
Proceeds from exercise of stock options	963	1,603
Repurchase of common stock	(41,222)	—
Change in interest income on stock subscriptions receivable	(464)	(1,282)
Net cash flows used in financing activities	(28,048)	(4,165)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,236	(25,310)
CASH AND CASH EQUIVALENTS, beginning of period	10,391	38,010
CASH AND CASH EQUIVALENTS, end of period	$ 24,627	$ 12,700
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for:		
Interest	$ 51,025	$ 34,943
Income taxes	$ 1,129	$ 332

The accompanying notes are an integral part of these consolidated statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) Organization and Business

Radio One, Inc. (a Delaware corporation referred to as “Radio One”) and subsidiaries (collectively the “Company”) were organized to acquire, operate and maintain radio broadcasting stations and other media properties. The Company owns and/or operates 70 radio stations in 22 markets throughout the United States. In July 2003, the Company entered into a joint venture with an affiliate of Comcast Corporation and other investors to create TV One, LLC (“TV One”), an entity formed to operate a cable television network featuring lifestyle, entertainment, and news-related programming targeted primarily towards African-American viewers. In February 2005, the Company completed the acquisition of 51% of the common stock of Reach Media, Inc. (“Reach Media”) for approximately $55.8 million in a combination of approximately $30.4 million of cash and 1,809,648 shares of the Company’s Class D common stock.

To maintain and/or improve its competitive position, the Company has made and may continue to make significant acquisitions of and investments in radio stations and other media properties, which may require it to incur additional debt. The service of this debt will require the Company to make significant debt service payments.

(b) Basis of Presentation

The accompanying consolidated financial statements include the accounts of Radio One and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Certain reclassifications have been made to prior period amounts to conform to the current period presentation.

(c) Interim Financial Statements

The interim consolidated financial statements included herein for Radio One and subsidiaries have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). In management’s opinion, the interim financial data presented herein include all adjustments (which include only normal recurring adjustments) necessary for a fair presentation. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations.

Results for interim periods are not necessarily indicative of results to be expected for the full year. It is suggested that these consolidated financial statements be read in conjunction with the Company’s December 31, 2004 financial statements and notes thereto included in the Company’s annual report on Form 10-K/A.

(d) Financial Instruments

Financial instruments as of September 30, 2005 and December 31, 2004 consist of cash and cash equivalents, short term investments, trade accounts receivable, notes receivable (which are included in other current assets), accounts payable, accrued expenses, long-term debt and subscriptions receivable. The carrying amounts approximate fair value for each of these financial instruments as of September 30, 2005 and December 31, 2004, except for the Company’s outstanding senior subordinated notes. The $8\,^{7}/_{8}$% senior subordinated notes had a fair value of approximately $318.0 million and $334.1 million as of September 30, 2005 and December 31, 2004, respectively. In February 2005, the Company completed the private placement of $200.0 million $6\,^{3}/_{8}$% senior subordinated notes. The $6\,^{3}/_{8}$% senior subordinated notes had a fair value of approximately $196.5 million as of September 30, 2005. The fair value was determined based on the fair market value of similar instruments.

(e) Revenue Recognition

The Company recognizes revenue for broadcast advertising when the commercial is broadcast and is reported net of agency and sales representative commissions in accordance with Staff Accounting Bulletin No. 101, *"Revenue Recognition in Financial Statements,"* as amended by Staff Accounting Bulletin No. 104, Topic 13, *"Revenue Recognition, Revised and Updated."* When applicable, agency and sales representative commissions are calculated based on a stated percentage applied to gross billing. Generally, clients remit the gross billing amount to the agency or sales representative, and the agency or sales representative remits the gross billing, less their commission, to the Company. Agency and sales representative commissions were approximately $13.1 million and $11.6 million during the three months ended September 30, 2005 and 2004, respectively. Agency and sales representative commissions were approximately $36.2 million and $32.9 million during the nine months ended September 30, 2005 and 2004, respectively.

(f) Stock-Based Compensation

The Company accounts for stock-based compensation arrangements in accordance with the provisions of Accounting Principles Board Opinion No. 25 ("APB No. 25"), *"Accounting for Stock Issued to Employees,"* and related interpretations, and complies with the disclosure provisions of Statement of Financial Accounting Standards No. 123 ("SFAS No. 123"), *"Accounting for Stock-Based Compensation."* Under APB No. 25, compensation expense is recognized to the extent that the market price on the grant date of the underlying stock exceeds the exercise price.

At September 30, 2005, the Company had one stock-based employee compensation plan. The Company accounts for the plan under the recognition and measurement principles of APB No. 25 and related interpretations. The following table illustrates the effect on net income if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2005	2004	2005	2004
	(In thousands, except share data)			
Net income applicable to common stockholders, as reported:	$ 11,466	$ 11,733	$ 38,237	$ 27,913
Add: stock-based employee compensation expense included in net income	7	—	8	—
Less: total stock-based employee compensation expense determined under fair value-based method for all awards	(5,479)	(4,416)	(14,703)	(11,145)
Pro forma net income applicable to common stockholders	$ 5,994	$ 7,317	$ 23,542	$ 16,768
As reported net income per share — basic	$ 0.11	$ 0.11	$ 0.36	$ 0.26
As reported net income per share — diluted	$ 0.11	$ 0.11	$ 0.36	$ 0.26
Pro forma net income per share — basic	$ 0.06	$ 0.07	$ 0.22	$ 0.16
Pro forma net income per share — diluted	$ 0.06	$ 0.07	$ 0.22	$ 0.16

The per share weighted-average fair value of employee options granted during the three months ended September 30, 2005 and 2004 was $6.96 and $7.97, respectively, on the date of grant. The per share weighted-average fair value of employee options granted during the nine months ended September 30, 2005 and 2004 was $7.16 and $8.02, respectively, on the date of grant. These fair values were derived using the Black-Scholes Option Pricing Model with the following weighted-average assumptions:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2005	2004	2005	2004
Average risk-free interest rate	4.13%	3.29%	4.13%	3.29%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Expected lives	5 years	5 years	5 years	5 years
Expected volatility	61%	56%	61%	56%

(g) Comprehensive Income

The Company's comprehensive income consists of net income and other items recorded directly to the equity accounts. The objective is to report a measure of all changes in equity of an enterprise that result from transactions and other economic events during the period, other than transactions with owners. The Company's other comprehensive income consists of gains and losses on derivative instruments that qualify for cash flow hedge treatment.

The following table sets forth the components of comprehensive income:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
	(In thousands)			
Net income	$ 11,466	$ 16,768	$ 40,998	$ 43,018
Other comprehensive income gain (loss), (net of tax provision of $705, tax benefit of $171, tax provision of $445, and tax provision of $1,041, respectively):				
Derivative and hedging activities	1,108	(274)	671	1,663
Comprehensive income	$ 12,574	$ 16,494	$ 41,669	$ 44,681

(h) Net Income Applicable to Common Stockholders

The net income applicable to common stockholders for the three months ended September 30, 2005 and 2004 (defined as net income less dividends on the Company's preferred stock) was approximately $11.5 million and $11.7 million, respectively. The net income applicable to common stockholders for the nine months ended September 30, 2005 and 2004 was approximately $38.2 million and $27.9 million, respectively.

(i) Earnings Per Share

Earnings per share is based on the weighted average number of common and diluted common equivalent shares for stock options outstanding during the period the calculation is made, divided into the net income applicable to common stockholders. Diluted common equivalent shares consist of shares issuable upon the exercise of stock options using the treasury stock method.

2. RECENT ACCOUNTING PRONOUNCEMENTS:

In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 123(R), ("SFAS No. 123(R)"), *"Accounting for Stock-Based Compensation."* SFAS No. 123(R) sets accounting requirements for "share-based" compensation to employees, including employee stock purchase plans. The statement eliminates the ability to account for share-based compensation transactions using APB No. 25 and generally requires instead that such transactions be accounted for using a fair-value-based method. Disclosure of the effect of expensing the fair value of equity compensation is currently required under existing literature. The statement also requires the tax benefit associated with these share based payments be classified as financing activities in the Statement of Cash Flows rather than operating activities as currently permitted. The SEC delayed the required implementation date for this statement from the third quarter of 2005 to the beginning of the 2006 fiscal year. The Company plans to use the Black-Scholes Option Pricing Model to estimate the fair value of its stock options and expects to use the modified prospective method in adopting the fair value method of measuring compensation cost relating to stock-based employee compensation. The Company has not yet estimated the impact this pronouncement will have on its financial statements.

3. ACQUISITIONS:

In September 2005, the Company announced an agreement to acquire the assets of WRDA-FM, a radio station located in the St. Louis metropolitan area for approximately $20.0 million in cash. The Company began operating the station under a local marketing agreement ("LMA") on October 1, 2005. The station has been reformatted, and has been consolidated with the Company's existing St. Louis operations. The Company expects to complete the acquisition during the fourth quarter of 2005.

In February 2005, the Company completed the acquisition of 51% of the common stock of Reach Media for approximately $55.8 million in a combination of approximately $30.4 million of cash and 1,809,648 shares of the Company's Class D common stock.

Reach Media commenced operations in 2003 and was formed by Tom Joyner, Chairman, and David Kantor, Chief Executive Officer, to operate the Tom Joyner Morning Show and related businesses. Reach Media primarily derives its revenue from the sale of advertising inventory in connection with its syndication agreements. Mr. Joyner is a leading nationally syndicated radio personality. The Tom Joyner Morning Show is broadcast on over 115 affiliate stations across the United States and is a top-rated morning show in many of the markets in which it is broadcast. In addition, in October 2005, Reach Media launched the Tom Joyner Show, a weekly syndicated television variety show airing in most of the top 50 markets. Reach Media also operates the Tom Joyner Sky Show, the Tom Joyner Family Reunion and various other special event-related activities. Additionally, Reach Media operates BlackAmericaWeb.com, an African-American targeted internet destination, and airs a television program on TV One. The Company allocated approximately $1.2 million of the purchase price to net working capital balances and the remaining amount to other intangible assets on the Company's consolidated balance sheet as of September 30, 2005, pending completion of the purchase price allocation.

In November 2004, the Company completed the acquisition of the assets of WABZ-FM, a radio station located in the Charlotte metropolitan area. Upon completing the acquisition, the Company consolidated the station with its existing Charlotte operations, changed the call sign to WPZS-FM and reformatted the station. The total acquisition price was approximately $11.5 million in cash. The Company initially allocated the full value of the purchase price to radio broadcasting licenses on the Company's consolidated balance sheet as of December 31, 2004. Upon completion of the purchase price allocation in February 2005, the allocation was adjusted and approximately $11.4 million and $76,000 were assigned to radio broadcasting licenses and goodwill, respectively.

In October 2004, the Company acquired the outstanding stock of New Mableton Broadcasting Corporation ("NMBC"), which owned WAMJ-FM, a radio station located in the Atlanta metropolitan area. The Company began operating WAMJ-FM under an LMA in August 2001. NMBC's majority shareholder was an entity controlled by the Company's Chief Executive Officer and President. The total acquisition price was approximately $35.0 million in cash. The Company initially allocated the full value of the purchase price to radio broadcasting licenses on the Company's consolidated balance sheet as of December 31, 2004. Upon completion of the purchase price allocation in April 2005, the Company assigned approximately $32.0 million to radio broadcasting licenses, approximately $2.0 million to goodwill, and $872,000 to other assets.

In February 2004, the Company completed the acquisition of the assets of WSNJ-FM, a radio station located in the Philadelphia metropolitan area. Upon receiving the necessary regulatory approvals, the Company consolidated the station with its existing Philadelphia operations, changed the call sign to WRNB-FM and reformatted the station. The acquisition price was approximately $35.0 million in cash. The Company initially allocated the full value of the purchase price to radio broadcasting licenses on the Company's consolidated balance sheet as of December 31, 2004. Upon completion of the purchase price allocation in January 2005, the allocation was adjusted and approximately $34.9 million and $54,000 were assigned to radio broadcasting licenses and goodwill, respectively.

4. INVESTMENT IN AFFILIATED COMPANY:

In July 2003, the Company entered into a joint venture agreement with an affiliate of Comcast Corporation and other investors to create TV One, an entity formed to operate a cable television network featuring lifestyle, entertainment and news-related programming targeted primarily towards African-American viewers. The Company has committed to make a cumulative cash investment of $74.0 million in TV One over approximately four years, of which the Company has already funded $37.0 million. In December 2004, TV One entered into a distribution agreement with DIRECTV, Inc. ("DIRECTV") and certain affiliates of DIRECTV became investors in TV One. As of September 30, 2005, the Company owned approximately 36% of TV One on a fully converted basis.

The Company has recorded its investment at cost and has adjusted the carrying amount of the investment to recognize the change in the Company's claim on the net assets of TV One resulting from losses of TV One as well as other capital transactions of TV One using a hypothetical liquidation at book value approach. For the three months ended September 30, 2005 and 2004, the Company's allocable share of TV One's losses was $442,000 and approximately $2.1 million, respectively. For the nine months ended September 30, 2005 and 2004, the Company's allocable share of TV One's losses was approximately $1.2 million and $5.9 million, respectively. Under the hypothetical liquidation at book value approach, the decrease in the Company's claim on the change in net assets of TV One resulting from additional equity contributed to TV One by investors, resulted in an insignificant decrease to additional paid-in capital of the Company in accordance with SEC Staff Accounting Bulletin No. 51, *"Accounting for Sales of Stock by a Subsidiary."*

The Company also entered into separate network services and advertising services agreements with TV One in 2003. Under the network services agreement, which expires in January 2009, the Company is providing TV One with administrative and operational support services and access to Company personalities. Under the advertising services agreement, the Company is providing a specified amount of advertising to TV One over a term of five years ending in January 2009. In consideration of providing these services, the Company has received equity in TV One, and receives an annual fee of $500,000 in cash for providing services under the network services agreement.

The Company is accounting for these services transactions in accordance with Emerging Issues Task Force, Issue No. 00-8, *"Accounting by a Grantee for an Equity Instrument to Be Received in Conjunction with Providing Goods or Services."* As these services are provided to TV One, the Company is recording revenue based on the fair value of the most reliable unit of measurement in these transactions. For the advertising services agreement, this has been determined to be the value of underlying advertising time that is being provided to TV One. For the network services agreement, this has been determined to be the initial value of the equity received in TV One. As a result, the Company is re-measuring the fair value of the equity received to complete its obligations under the network services agreement in each subsequent reporting period as the services are provided. The Company recognized $399,000 and $419,000 of revenue relating to these two agreements for the three months ended September 30, 2005 and 2004, respectively. The Company recognized approximately $1.7 million and $2.1 million of revenue relating to these two agreements for the nine months ended September 30, 2005 and 2004, respectively.

5. LONG-TERM DEBT:

Long-term debt consists of the following:

	September 30, 2005	December 31, 2004
	(In thousands)	
8 $^{7}/_{8}$% senior subordinated notes	$ 300,000	$ 300,000
6 $^{3}/_{8}$% senior subordinated notes	200,000	—
Bank credit facilities	452,500	320,000
Capital lease obligations	22	28
Total long-term debt	952,522	620,028
Less: current portion	(8)	(70,008)
Long term debt, net of current portion	$ 952,514	$ 550,020

Senior Subordinated Notes

In February 2005, the Company completed the private placement of $200.0 million 6 $^{3}/_{8}$% senior subordinated notes due 2013 realizing net proceeds of approximately $195.5 million. The Company recorded approximately $4.5 million in deferred offering costs, which are being amortized to interest expense over the life of the notes using the effective interest rate method. In October 2005, the 6$^{3}/_{8}$% senior subordinated notes were exchanged for an equal amount of notes registered under the Securities Act of 1933, as amended ("the Securities Act").

In May 2001, the Company completed the private placement of $300.0 million 8$^{7}/_{8}$% senior subordinated notes due 2011 realizing net proceeds of approximately $291.8 million. The Company recorded approximately $8.2 million in deferred offering costs, which are being amortized to interest expense over the life of the notes using the effective interest rate method. In November 2001, the 8 $^{7}/_{8}$% senior subordinated notes were exchanged for an equal amount of notes registered under the Securities Act.

Bank Credit Facilities

In June 2005, the Company entered into a new credit agreement (the "Credit Agreement") with a syndicate of banks. The term of the Credit Agreement is seven years and the total amount available under the Credit Agreement is $800.0 million, consisting of a $500.0 million revolving facility and a $300.0 million term loan facility. Borrowings under the bank credit facilities are subject to compliance with provisions of the Credit Agreement, including but not limited to financial covenants. The Company may use proceeds from the bank credit facilities for working capital, capital expenditures made in the ordinary course of business and other lawful corporate purposes, for its common stock repurchase program, and for direct and indirect investments permitted under the Credit Agreement. The Credit Agreement contains affirmative and negative covenants that the Company must comply with, including (a) maintaining a ratio of consolidated adjusted EBITDA to consolidated interest expense of no less than 2.50 to 1.00, (b) maintaining a ratio of consolidated debt for borrowed money to consolidated adjusted EBITDA of no greater than 6.50 to 1.00 from June 13, 2005 to September 30, 2006, and no greater than 6.00 to 1.00 beginning October 1, 2006 and thereafter, (c) limitations on liens, (d) limitations on the sale of assets, (e) limitations on the payment of dividends, and (f) limitations on mergers, as well as other customary covenants. Simultaneous with entering into the Credit Agreement, the Company borrowed $437.5 million under the Credit Agreement to retire all outstanding obligations under its previous credit agreement, dated as of July 17, 2000. The previous credit agreement provided for borrowings of up to $600.0 million, and consisted of a $350.0 million term facility and a $250.0 million revolving facility.

The Credit Agreement and the indentures governing the Company's senior subordinated notes contain covenants that restrict, among other things, the ability of the Company to incur additional debt, purchase capital stock, make capital expenditures, make investments or other restricted payments, swap or sell assets, engage in transactions with related parties, secure non-senior debt with assets, or merge, consolidate or sell all or substantially all of its assets.

Future minimum principal payments of long-term debt as of September 30, 2005 are as follows:

	Senior Subordinated Notes	Bank Credit Facilities (In thousands)	Capital Leases
October — December, 2005	$ —	$ —	$ 1
2006	—	—	7
2007	—	7,500	7
2008	—	37,500	7
2009	—	67,500	—
2010 and thereafter	500,000	340,000	—
Total long-term debt	$ 500,000	$ 452,500	$ 22

6. STOCKHOLDERS' EQUITY:

On May 25, 2005, the Company's board of directors authorized a stock repurchase program for up to $150.0 million of the Company's Class A and Class D common stock over a period of 18 months, with the amount and timing of repurchases based on stock price, general economic and market conditions, certain restrictions contained in the Credit Agreement, the indentures governing the Company's senior subordinated debt, and certain other factors. The repurchase program does not obligate the Company to repurchase any of its common stock and may be discontinued or suspended at any time.

For the three months ended September 30, 2005, 125,199 shares of Class A and 1,773,371 shares of Class D common stock were repurchased at an average price of $13.96 and $13.85, respectively. For the nine months ended September 30, 2005, 262,299 shares of Class A and 2,762,171 shares of Class D common stock were repurchased at an average price of $13.54 and $13.59, respectively.

In February 2005, the Company redeemed all of its outstanding 6 1/2% Convertible Preferred Remarketable Term Income Deferrable Equity Securities ("HIGH TIDES") in an amount of $309.8 million. This redemption was financed with the net proceeds of the sale of the Company's 6 3/8% senior subordinated notes due 2013, borrowings under its revolving credit facility and available excess cash.

7. INCOME TAXES:

On June 30, 2005, the state of Ohio enacted a law that will phase-out the Corporation Income and Franchise Tax and phase-in a Commercial Activity Tax. Unlike the Corporation Income and Franchise Tax, the Commercial Activity Tax is levied based on gross receipts and is not considered an income tax for purposes of generally accepted accounting principles. The Company has determined the reversal of certain Ohio deferred tax liabilities previously recorded, based on the old tax law, is unlikely. Therefore, the Company reduced its deferred tax liability and recorded an income tax benefit of approximately $3.9 million for the nine months ended September 30, 2005.

8. RELATED PARTY TRANSACTIONS:

Three officers of the Company, the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and the Chief Administrative Officer ("CAO"), purchased 1,500,000 shares of the Company's Class D common stock, 333,334 shares of the Company's Class A common stock and 666,666 of the Company's Class D common stock, and 250,000 shares of the Company's Class D common stock, respectively. The stock was purchased with the proceeds of full recourse loans from the Company in the amounts of approximately $21.1 million, $7.0 million and $2.0 million, respectively.

The CEO made an interest payment on his loan in the amount of $2.0 million in December 2004. The CEO made a further repayment of approximately $17.8 million on his loan in February 2005 and repaid the remaining balance of the loan in an amount of approximately $6.0 million in March 2005. The repayment of approximately $17.8 million was effected using 1,125,000 shares of the Company's Class D common stock owned by the CEO.

In September 2005, the CAO repaid her loan in full. The repayment of approximately $2.5 million was effected using 174,754 shares of the Company's Class D common stock owned by the CAO.

Also in September 2005, the CFO repaid a portion of his loan. The partial repayment of approximately $7.5 million was effected using 300,000 shares of the Company's Class A common stock and 230,000 shares of the Company's Class D common stock owned by the CFO. As of September 30, 2005, the remaining balance on the CFO's loan was approximately $1.5 million.

All shares transferred to the Company in satisfaction of these loans have been retired. As of September 30, 2005, the accrued interest on the loans to the CFO and CAO was $6,000 and $0, respectively.

The Company also had loans outstanding to the Company's CEO, CFO and Chief Operating Officer ("COO") in the amounts of $380,000, $88,000 and $262,000, respectively. The loans are due on demand and bear interest at 5.6%. The CEO repaid in full, and in cash, the balance of his loan in the amount of $549,000 in March 2005. As of September 30, 2005, the accrued interest on the loans to the CFO and COO was $36,000 and $115,000, respectively.

In February 2002, the Company's CFO exercised a contractual right to receive a non-interest-bearing loan in the amount of $750,000. The loan was paid in full in January 2005. The repayment was effected using a combination of cash and 20,000 shares of the Company's Class D common stock owned by the CFO. All shares transferred to the Company in satisfaction of this loan have been retired.

In October 2004, the Company acquired the outstanding stock of NMBC, which owned WAMJ-FM, a radio station licensed to the Atlanta metropolitan area. The total acquisition price was approximately $35.0 million in cash, of which approximately $10.0 million was paid in available cash and $25.0 million was paid through borrowings under the Company's bank credit facility. Prior to the acquisition, Mableton Investment Group, LLC ("MIG") was NMBC's majority shareholder. Alfred C. Liggins, III, the Company's CEO, was the sole member and manager of MIG. Until February 2003, Syndicated Communications Venture Partners II, LP was also a member of MIG. Terry L. Jones, a general partner of Syndicated Communications Venture Partners II, LP is a member of the Company's board of directors. The terms of the NMBC acquisition were approved by an independent committee of the Company's board of directors and a fairness opinion was obtained from an independent third party. Prior to acquiring NMBC, the Company programmed and provided marketing services to WAMJ-FM through an LMA with MIG. There were no fees paid under the LMA for the three months ended September 30, 2005 and September 30, 2004. Total fees paid under the LMA were $0 and $154,000 for the nine months ended September 30, 2005 and September 30, 2004, respectively.

The Company leased office space from a partnership in which the Company's CEO and Chairperson are partners. Effective June 28, 2004, the partnership sold the property to a third party. On that date, the Company entered into a new lease agreement with the third party that expired in January 2005, after which the Company relocated to a new facility. Total rent paid to the partnership was $0 during the three months ended September 30, 2004. Total rent paid to the partnership was $119,000 during the nine months ended September 30, 2004.

9. COMMITMENTS AND CONTINGENCIES:

Radio Broadcasting Licenses

Each of the Company's radio stations operates pursuant to one or more licenses issued by the Federal Communications Commission that have a maximum term of eight years prior to renewal. The Company's radio broadcasting licenses expire at various times through August 1, 2013. Although the Company may apply to renew its radio broadcasting licenses, third parties may challenge the Company's renewal applications. The Company is not aware of any facts or circumstances that would prevent the Company from having its current licenses renewed.

TV One Cable Network

Pursuant to a limited liability company agreement dated July 18, 2003, the Company and certain other investors formed TV One for the purpose of developing and distributing a new television programming service. The Company has committed to make a cumulative cash investment of $74.0 million in TV One over approximately four years. As of September 30, 2005, the Company has already funded $37.0 million under this agreement.

Royalty Agreements

The Company has entered into fixed fee and variable share agreements with music performance rights organizations that expire as late as 2009. During the three months ended September 30, 2005 and 2004, the Company incurred expenses of approximately $2.8 million and $2.3 million, respectively, in connection with these agreements. During the nine months ended September 30, 2005 and 2004, the Company incurred expenses of approximately $8.2 million and $7.2 million, respectively, in connection with these agreements.

Other Contingencies

The Company has been named as a defendant in several legal actions occurring in the ordinary course of business. It is management's opinion, after consultation with its legal counsel, that the outcome of these claims will not have a material adverse effect on the Company's financial position or results of operations.

10. CONTRACT TERMINATION:

During the three months ended September 2005, the Company terminated its national sales representation agreements with Interep National Radio Sales, Inc. ("Interep"), and entered into new agreements with Katz Communications, Inc. ("Katz"), whereby Katz became the Company's sole national sales representative. Interep had previously acted as a national sales representative for approximately half of the Company's national advertising business, while Katz represented the remaining half. Katz paid the Company $3.4 million as an inducement to enter into the new agreements. Katz also agreed to pay Interep approximately $5.3 million to satisfy the Company's termination obligations stemming from the previous sales representation agreements with Interep. Accordingly, the Company recorded the termination obligation of approximately $5.3 million as a one-time charge in selling, general and administrative expenses on the accompanying statements of operations for the three months ended September 30, 2005. Both the $3.4 million inducement and the approximately $5.3 million termination amount will be amortized over the four-year life of the new Katz agreements as a reduction to selling, general and administrative expense. The deferred amounts related to the new agreements are reflected in both current and long-term obligations in the accompanying consolidated balance sheets.

RADIO ONE, INC. AND SUBSIDIARIES

CONSOLIDATING FINANCIAL STATEMENTS

The Company conducts a portion of its business through its subsidiaries. Radio One, Inc. and its restricted subsidiaries ("Subsidiary Guarantors") have fully and unconditionally guaranteed the Company's 8 7/8 % senior subordinated notes due 2011 and 6 3/8 % senior subordinated notes due 2013.

Set forth below are consolidating financial statements for the Company and the Subsidiary Guarantors as of September 30, 2005 and 2004, and for the three- and nine-month periods then ended. The equity method of accounting has been used by the Company to report its investments in subsidiaries. Separate financial statements for the Subsidiary Guarantors are not presented based on management's determination that they do not provide additional information that is material to investors.

RADIO ONE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2005

	Combined Guarantor Subsidiaries	Radio One, Inc.	Eliminations	Consolidated
		(Unaudited) (In thousands)		
NET BROADCAST REVENUE	$ 48,611	$ 52,781	$ —	$ 101,392
OPERATING EXPENSES:				
Program and technical	7,516	9,641	—	17,157
Selling, general and administrative	18,903	18,055	—	36,958
Corporate expenses	—	5,672	—	5,672
Non-cash compensation	8	475	—	483
Depreciation and amortization	1,960	1,154	—	3,114
Total operating expenses	28,387	34,997	—	63,384
Operating income	20,224	17,784	—	38,008
INTEREST INCOME	—	162	—	162
INTEREST EXPENSE	9	16,422	—	16,431
EQUITY IN NET LOSS OF AFFILIATED COMPANY	—	442	—	442
Income before provision for income taxes and minority interest in income of subsidiary	20,215	1,082	—	21,297
PROVISION FOR INCOME TAXES	—	8,742	—	8,742
MINORITY INTEREST IN INCOME OF SUBSIDIARY	—	1,089	—	1,089
Net income (loss) before equity in income of subsidiaries	20,215	(8,749)	—	11,466
EQUITY IN INCOME OF SUBSIDIARIES	—	20,215	(20,215)	—
Net income	$ 20,215	$ 11,466	$ (20,215)	$ 11,466

The accompanying notes are an integral part of this consolidating statement.

RADIO ONE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2004

	Combined Guarantor Subsidiaries	Radio One, Inc.	Eliminations	Consolidated
		(Unaudited) (In thousands)		
NET BROADCAST REVENUE	$ 42,955	$ 41,411	$ —	$ 84,366
OPERATING EXPENSES:				
Program and technical, exclusive of depreciation and amortization shown below	6,800	6,472	—	13,272
Selling, general and administrative	13,176	10,812	—	23,988
Corporate expenses	—	4,138	—	4,138
Depreciation and amortization	3,679	689	—	4,368
Total operating expenses	23,655	22,111	—	45,766
Operating income	19,300	19,300	—	38,600
INTEREST INCOME	—	630	—	630
INTEREST EXPENSE	54	9,695	—	9,749
EQUITY IN NET LOSS OF AFFILIATED COMPANY	—	2,144	—	2,144
OTHER INCOME (EXPENSE), net	(126)	3	—	(123)
Income before provision for income taxes	19,120	8,094	—	27,214
PROVISION FOR INCOME TAXES	—	10,446	—	10,446
Net income (loss) before equity in income of subsidiaries	19,120	(2,352)	—	16,768
EQUITY IN INCOME OF SUBSIDIARIES	—	19,120	(19,120)	—
Net income	$ 19,120	$ 16,768	$ (19,120)	$ 16,768
PREFERRED STOCK DIVIDEND		5,035		5,035
NET INCOME APPLICABLE TO COMMON STOCKHOLDERS		$ 11,733		$ 11,733

The accompanying notes are an integral part of this consolidating statement.

RADIO ONE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005

	Combined Guarantor Subsidiaries	Radio One, Inc.	Eliminations	Consolidated
		(Unaudited) (In thousands)		
NET BROADCAST REVENUE	$ 137,921	$ 142,005	$ —	$ 279,926
OPERATING EXPENSES:				
Program and technical	22,236	28,370	—	50,606
Selling, general and administrative	47,588	41,695	—	89,283
Corporate expenses	—	16,140	—	16,140
Non cash compensation	8	1,331	—	1,339
Depreciation and amortization	5,842	3,889	—	9,731
Total operating expenses	75,674	91,425	—	167,099
Operating income	62,247	50,580	—	112,827
INTEREST INCOME	—	906	—	906
INTEREST EXPENSE	10	46,090	—	46,100
EQUITY IN NET LOSS OF AFFILIATED COMPANY	—	1,205	—	1,205
OTHER INCOME, net	32	91	—	123
Income before provision for income taxes and minority interest in income of subsidiary	62,269	4,282	—	66,551
PROVISION FOR INCOME TAXES	—	23,839	—	23,839
MINORITY INTEREST IN INCOME OF SUBSIDIARY	—	1,714	—	1,714
Net income (loss) before equity in income of subsidiaries	62,269	(21,271)	—	40,998
EQUITY IN INCOME OF SUBSIDIARIES	—	62,269	(62,269)	—
Net income	$ 62,269	$ 40,998	$ (62,269)	$ 40,998
PREFERRED STOCK DIVIDEND		2,761		2,761
NET INCOME APPLICABLE TO COMMON STOCKHOLDERS		$ 38,237		$ 38,237

The accompanying notes are an integral part of this consolidating statement.

RADIO ONE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004

	Combined Guarantor Subsidiaries	Radio One, Inc.	Eliminations	Consolidated
		(Unaudited) (In thousands)		
NET BROADCAST REVENUE	$ 120,947	$ 119,291	$ —	$ 240,238
OPERATING EXPENSES:				
Program and technical, exclusive of depreciation and amortization shown below	20,559	20,446	—	41,005
Selling, general and administrative	39,331	31,360	—	70,691
Corporate expenses	—	12,016	—	12,016
Depreciation and amortization	9,634	3,725	—	13,359
Total operating expenses	69,524	67,547	—	137,071
Operating income	51,423	51,744	—	103,167
INTEREST INCOME	12	1,925	—	1,937
INTEREST EXPENSE	118	29,354	—	29,472
EQUITY IN NET LOSS OF AFFILIATED COMPANY	—	5,942	—	5,942
OTHER INCOME (EXPENSE), net	(64)	85	—	21
Income before provision for income taxes	51,253	18,458	—	69,711
PROVISION FOR INCOME TAXES	—	26,693	—	26,693
Net income (loss) before equity in income of subsidiaries	51,253	(8,235)	—	43,018
EQUITY IN INCOME OF SUBSIDIARIES	—	51,253	(51,253)	—
Net income	$ 51,253	$ 43,018	$ (51,253)	$ 43,018
PREFERRED STOCK DIVIDEND		15,105		15,105
NET INCOME APPLICABLE TO COMMON STOCKHOLDERS		$ 27,913		$ 27,913

The accompanying notes are an integral part of this consolidating statement.

RADIO ONE, INC. AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEET
AS OF SEPTEMBER 30, 2005

	Combined Guarantor Subsidiaries	Radio One, Inc.	Eliminations	Consolidated
		(Unaudited) (In thousands)		
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 451	$ 24,176	$ —	$ 24,627
Short-term investments	—	—	—	—
Trade accounts receivable, net of allowance for doubtful accounts	34,658	34,652	—	69,310
Prepaid expenses and other current assets	1,295	5,070	—	6,365
Income tax receivable	—	3,650	—	3,650
Deferred tax asset	2,282	1,522	—	3,804
Total current assets	38,686	69,070	—	107,756
PROPERTY AND EQUIPMENT, net	30,047	19,824	—	49,871
INTANGIBLE ASSETS, net	1,936,232	69,424	—	2,005,656
INVESTMENT IN SUBSIDIARIES	—	1,960,694	(1,960,694)	—
INVESTMENT IN AFFILIATED COMPANY	—	37,629	—	37,629
OTHER ASSETS	673	5,779	—	6,452
Total assets	$ 2,005,638	$ 2,162,420	$ (1,960,694)	$ 2,207,364
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Accounts payable	$ 1,799	$ 3,109	$ —	$ 4,908
Accrued expenses	5,740	31,542	—	37,282
Other current liabilities	497	6,023	—	6,520
Current portion of long-term debt	8	—	—	8
Total current liabilities	8,044	40,674	—	48,718
LONG-TERM DEBT, net of current portion	14	952,500	—	952,514
DEFERRED REVENUE, net of current portion	—	250	—	250
OTHER LONG-TERM LIABILITIES	—	6,747	—	6,747
DEFERRED INCOME TAX LIABILITY	36,886	110,970	—	147,856
Total liabilities	44,944	1,111,141	—	1,156,085
MINORITY INTEREST IN SUBSIDIARY	—	2,637	—	2,637
STOCKHOLDERS' EQUITY:				
Common stock	—	106	—	106
Accumulated other comprehensive income	—	520	—	520
Stock subscriptions receivable	—	(1,548)	—	(1,548)
Treasury stock	—	(41,222)	—	(41,222)
Additional paid-in capital	1,220,655	1,105,611	(1,220,655)	1,105,611
Accumulated deficit	740,039	(14,825)	(740,039)	(14,825)
Total stockholders' equity	1,960,964	1,048,642	(1,960,694)	1,048,642
Total liabilities and stockholders' equity	$ 2,005,638	$ 2,162,420	$ (1,960,694)	$ 2,207,364

The accompanying notes are an integral part of this consolidating balance sheet.

RADIO ONE, INC. AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2004

	Combined Guarantor Subsidiaries	Radio One, Inc.	Eliminations	Consolidated
		(Unaudited) (In thousands)		
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 192	$ 10,199	$ —	$ 10,391
Short-term investments	—	10,000	—	10,000
Trade accounts receivable, net of allowance for doubtful accounts	29,773	32,057	—	61,830
Prepaid expenses and other current assets	1,020	1,825	—	2,845
Income tax receivable	—	3,650	—	3,650
Deferred tax asset	2,282	1,754	—	4,036
Total current assets	33,267	59,485	—	92,752
PROPERTY AND EQUIPMENT, net	26,349	18,478	—	44,827
INTANGIBLE ASSETS, net	1,924,945	6,100	—	1,931,045
INVESTMENT IN SUBSIDIARIES	—	1,954,344	(1,954,344)	—
INVESTMENT IN AFFILIATED COMPANY	—	37,384	—	37,384
OTHER ASSETS	807	4,326	—	5,133
Total assets	$ 1,985,368	$ 2,080,117	$ (1,954,344)	$ 2,111,141
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Accounts payable	$ 1,274	$ 7,659	$ —	$ 8,933
Accrued expenses	5,633	32,913	—	38,546
Fair value of derivative instruments	—	246	—	246
Other current liabilities	356	265	—	621
Current portion of long-term debt	8	70,000	—	70,008
Total current liabilities	7,271	111,083	—	118,354
LONG-TERM DEBT, net of current portion	18	550,002	—	550,020
DEFERRED INCOME TAX LIABILITY	23,735	90,587	—	114,322
Total liabilities	31,024	751,672	—	782,696
STOCKHOLDERS' EQUITY:				
Common stock	—	105	—	105
Accumulated other comprehensive loss	—	(151)	—	(151)
Stock subscriptions receivable	—	(34,731)	—	(34,731)
Additional paid-in capital	1,276,574	1,416,284	(1,276,574)	1,416,284
Accumulated deficit	677,770	(53,062)	(677,770)	(53,062)
Total stockholders' equity	1,954,344	1,328,445	(1,954,344)	1,328,445
Total liabilities and stockholders' equity	$ 1,985,368	$ 2,080,117	$ (1,954,344)	$ 2,111,141

The accompanying notes are an integral part of this consolidating balance sheet.

RADIO ONE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005

	Combined Guarantor Subsidiaries	Radio One, Inc.	Eliminations	Consolidated
		(Unaudited) (In thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	$ 62,269	$ 40,998	$ (62,269)	$ 40,998
Adjustments to reconcile net income to net cash flows from operating activities:				
Depreciation and amortization	5,842	3,889	—	9,731
Amortization of debt financing costs, unamortized discount and deferred interest	—	3,660	—	3,660
Deferred income taxes	13,151	9,525	—	22,676
Minority interest in income of subsidiary	—	1,714	—	1,714
Equity in net losses of affiliated company	—	1,205	—	1,205
Non-cash compensation	8	1,444	—	1,452
Contract termination costs, net of amortization	2,544	2,618	—	5,162
Effect of change in operating assets and liabilities, net of assets acquired:				
Trade accounts receivable, net	4,885	(11,934)	—	(7,049)
Due to corporate/from subsidiaries	(81,663)	81,663	—	—
Prepaid expenses and other	275	(1,188)	—	(913)
Other assets	(134)	294	—	160
Accounts payable	525	(4,557)	—	(4,032)
Accrued expenses and other	108	(7,504)	—	(7,396)
Other liabilities	—	(67)	—	(67)
Net cash flows from operating activities	7,810	121,760	(62,269)	67,301
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property and equipment	(7,551)	(5,147)	—	(12,698)
Equity investments	—	(125)	—	(125)
Acquisition of 51% of common stock in Reach Media, Inc., net of cash acquired	—	(21,320)	—	(21,320)
Change in short-term investments	—	10,000	—	10,000
Investment in subsidiaries	—	(62,269)	62,269	—
Purchase of other intangible assets	—	(874)	—	(874)
Net cash flows used in investing activities	(7,551)	(79,735)	62,269	(25,017)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayment of debt	—	(455,006)	—	(455,006)
Proceeds from credit facility	—	587,500	—	587,500
Proceeds from debt issuances, net of offering costs	—	195,177	—	195,177
Redemption of convertible preferred stock	—	(309,820)	—	(309,820)
Proceeds from stock subscriptions due	—	5,962	—	5,962
Payment of bank financing costs	—	(4,172)	—	(4,172)
Payment of preferred stock dividends	—	(6,966)	—	(6,966)
Proceeds from exercise of stock options	—	963	—	963
Repurchase of common stock	—	(41,222)	—	(41,222)
Change in interest due on stock subscription receivable	—	(464)	—	(464)
Net cash flows used in financing activities	—	(28,048)	—	(28,048)
INCREASE IN CASH AND CASH EQUIVALENTS	259	13,977	—	14,236
CASH AND CASH EQUIVALENTS, beginning of period	192	10,199	—	10,391
CASH AND CASH EQUIVALENTS, end of period	$ 451	$ 24,176	$ —	$ 24,627

The accompanying notes are an integral part of this consolidating statement.

RADIO ONE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004

	Combined Guarantor Subsidiaries	Radio One, Inc.	Eliminations	Consolidated
		(Unaudited) (In thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	$ 51,253	$ 43,018	$ (51,253)	$ 43,018
Adjustments to reconcile net income to net cash flows from operating activities:				
Depreciation and amortization	9,634	3,725	—	13,359
Amortization of debt financing costs, unamortized discount and deferred interest	—	1,272	—	1,272
Deferred income taxes	—	26,265	—	26,265
Equity in net loss of affiliated company	—	5,942	—	5,942
Non-cash compensation	—	2,062	—	2,062
Effect of change in operating assets and liabilities:				
Trade accounts receivable, net	(1,086)	1,414	—	328
Due to Corporate/from subsidiaries	51,663	(51,663)	—	—
Prepaid expenses and other	(281)	(1,221)	—	(1,502)
Other assets	185	(369)	—	(184)
Accounts payable	337	163	—	500
Accrued expenses and other	(261)	(8,094)	—	(8,355)
Net cash flows from operating activities	111,444	22,514	(51,253)	82,705
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property and equipment	$ (1,133)	$ (6,321)	$ —	$ (7,454)
Equity investments	(3,500)	317	—	(3,183)
Purchase of short-term investments	—	15,700	—	15,700
Investment in Subsidiaries	—	(51,253)	51,253	—
Deposits and payments for station purchases	(106,658)	(2,255)	—	(108,913)
Net cash flows used in investing activities	(111,291)	(43,812)	51,253	(103,850)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayment of debt	—	(39,381)	—	(39,381)
Proceeds from credit facility	—	50,000	—	50,000
Proceeds from exercise of stock options	—	1,603	—	1,603
Interest on stock subscription receivable	—	(1,282)	—	(1,282)
Payment of preferred stock dividends	—	(15,105)	—	(15,105)
Net cash flows used in financing activities	—	(4,165)	—	(4,165)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	153	(25,463)	—	(25,310)
CASH AND CASH EQUIVALENTS, beginning of period	414	37,596	—	38,010
CASH AND CASH EQUIVALENTS, end of period	$ 567	$ 12,133	$ —	$ 12,700

The accompanying notes are an integral part of this consolidating statement.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following information should be read in conjunction with the Consolidated Financial Statements and Notes thereto included elsewhere in this report and the audited financial statements and Management Discussion and Analysis contained in our Annual Report on Form 10-K/A for the year ended December 31, 2004.

Introduction

Revenue

We primarily derive revenue from the sale of advertising time and program sponsorships to local and national advertisers. Advertising revenue is affected primarily by the advertising rates our radio stations are able to charge as well as the overall demand for radio advertising time in a market. These rates are largely based upon a radio station's audience share in the demographic groups targeted by advertisers, the number of radio stations in the related market, and the supply of and demand for radio advertising time. Advertising rates are generally highest during morning and afternoon commuting hours.

On February 28, 2005, we acquired 51% of the common stock of Reach Media, Inc. ("Reach Media"). Reach Media primarily derives revenue from the sale of advertising time on the affiliate stations which broadcast the Tom Joyner Morning Show. The affiliate radio stations provide Reach Media with advertising inventory on their stations which is then sold to the marketplace through a sales representative agreement with ABC Radio Networks. ABC Radio Networks guarantees Reach Media an agreed upon amount of annual revenue with the potential to earn additional amounts if certain revenue goals are met. The agreement with ABC Radio Networks runs through 2009. Additional revenue is generated by Reach Media from special events, sponsorships, its internet business and other related activities.

During the three months ended September 30, 2005, approximately 67% of our net revenue was generated from local advertising and approximately 32% was generated from national spot advertising, including network advertising. In comparison, approximately 71% of our net revenue was generated from local advertising and approximately 26% was generated from national spot advertising, including network advertising, during the three months ended September 30, 2004. During the nine months ended September 30, 2005, approximately 67% of our net revenue was generated from local advertising and approximately 31% was generated from national spot advertising, including network advertising. In comparison, approximately 71% of our net revenue was generated from local advertising and approximately 27% was generated from national spot advertising, including network advertising, during the nine months ended September 30, 2004. The balance of revenue was generated primarily from tower rental income, ticket sales and revenue related to our sponsored events, management fees and other revenue.

In the broadcasting industry, radio stations often utilize trade or barter agreements to reduce cash expenses by exchanging advertising time for goods or services. In order to maximize cash revenue for our spot inventory, we monitor and limit the use of trade agreements.

Expenses

Our significant broadcast expenses are (i) employee salaries and commissions, (ii) programming expenses, (iii) advertising and promotion expenses, (iv) rental of premises for office facilities and studios, (v) rental of transmission tower space and (vi) music license royalty fees. We strive to control these expenses by centralizing certain functions such as finance, accounting, legal, human resources, management information systems, and the overall programming management function. We also use our multiple stations, market presence and purchasing power to negotiate favorable rates with certain vendors and national representative selling agencies.

We generally incur advertising and promotional expenses to increase our audiences. However, because Arbitron reports ratings quarterly, any changed ratings and therefore the effect on advertising revenue, tends to lag behind the incurrence of advertising and promotional expenditures.

Measurement of Performance

We monitor the growth and operational results of our business using net income and the following key metrics:

(a) Net broadcast revenue: The performance of an individual radio station or group of radio stations in a particular market is customarily measured by its ability to generate net broadcast revenue. Net broadcast revenue consists of gross broadcast revenue net of local and national agency commissions, consistent with industry practice. Net broadcast revenue is recognized in the period in which advertisements are broadcast. Net broadcast revenue also includes advertising aired in exchange for goods and services, which is recorded at fair value.

(b) Station operating income: Net income before depreciation and amortization, income taxes, interest income, interest expense, equity in net loss of affiliated company, minority interest in income of subsidiary, other expense, corporate expenses, excluding non-cash compensation and non-cash compensation expenses is commonly referred to in our industry as station operating income. Station operating income is not a measure of financial performance under generally accepted accounting principles. Nevertheless we believe station operating income is often a useful measure of a broadcasting company's operating performance and is a significant basis used by our management to measure the operating performance of our stations within the various markets because station operating income provides helpful information about our results of operations apart from expenses associated with our physical plant, income taxes provision, investments, debt financings, overhead and non-cash compensation. Station operating income is frequently used as one of the bases for comparing businesses in our industry, although our measure of station operating income may not be comparable to similarly titled measures of other companies. Station operating income does not purport to represent operating loss or cash flow from operating activities, as those terms are defined under generally accepted accounting principles, and should not be considered as an alternative to those measurements as an indicator of our performance.

(c) Station operating income margin: Station operating income margin represents station operating income as a percentage of net broadcast revenue. Station operating income margin is not a measure of financial performance under generally accepted accounting principles. Nevertheless, we believe that station operating income margin is a useful measure of our performance because it provides helpful information about our profitability as a percentage of our net broadcasting revenue.

(d) EBITDA: Net income before interest income, interest expense, income taxes, depreciation and amortization is commonly referred to in our industry as "EBITDA." EBITDA is not a measure of financial performance under generally accepted accounting principles. We believe EBITDA is often a useful measure of a company's operating performance and is a significant basis used by our management to measure the operating performance of our business because EBITDA excludes charges for depreciation, amortization and interest expense that have resulted from our acquisitions and debt financings, and our provision for tax expense. Accordingly, we believe that EBITDA provides helpful information about the operating performance of our business, apart from the expenses associated with our physical plant or capital structure. EBITDA is frequently used as one of the bases for comparing businesses in our industry, although our measure of EBITDA may not be comparable to similarly titled measures of other companies. EBITDA does not purport to represent operating loss or cash flow from operating activities, as those terms are defined under generally accepted accounting principles, and should not be considered as an alternative to those measurements as an indicator of our performance.

Summary of Performance

The table below provides a summary of our performance based on the metrics described above:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
	(In thousands)			
Net Broadcast Revenue	$101,392	$84,366	$279,926	$240,238
Station Operating Income (1)	$ 47,336	$47,247	$140,151	$129,396
Station Operating Income Margin	47%	56%	50%	54%
EBITDA (2)	$ 39,591	$40,701	$119,762	$110,605
Net Income	$ 11,466	$16,768	$ 40,998	$ 43,018

(1) The reconciliation of net income to station operating income is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
	(In thousands)			
Net income as reported	$11,466	$16,768	$ 40,998	$ 43,018
Add back non-station operating income items included in net income:				
Interest income	(162)	(630)	(906)	(1,937)
Interest expense	16,431	9,749	46,100	29,472
Corporate expenses, excluding non-cash compensation	5,673	3,734	16,140	10,808
Non-cash compensation	541	545	1,453	2,062
Equity in net loss of affiliated company	442	2,144	1,205	5,942
Other (income) expense, net	—	123	(123)	(21)
Provision for income taxes	8,742	10,446	23,839	26,693
Depreciation and amortization	3,114	4,368	9,731	13,359
Minority interest in income of subsidiary	1,089	—	1,714	—
Station operating income	$47,336	$47,247	$140,151	$129,396

(2) The reconciliation of net income to EBITDA is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
	(In thousands)			
Net income as reported	$11,466	$16,768	$ 40,998	$ 43,018
Add back non-EBITDA items included in net income:				
Interest income	(162)	(630)	(906)	(1,937)
Interest expense	16,431	9,749	46,100	29,472
Provision for income taxes	8,742	10,446	23,839	26,693
Depreciation and amortization	3,114	4,368	9,731	13,359
EBITDA	$39,591	$40,701	$119,762	$110,605

RADIO ONE, INC. AND SUBSIDIARIES

RESULTS OF OPERATIONS

The following table summarizes our historical consolidated results of operations:

Three Months Ended September 30, 2005 Compared to Three Months Ended September 30, 2004 (In thousands)

	Three Months Ended September 30,			
	2005	2004	Increase/(Decrease)	
Statements of Operations:				
Net broadcast revenue	$ 101,392	$ 84,366	$ 17,026	20.2%
Operating expenses:				
Programming and technical, excluding non-cash compensation	17,105	13,131	3,974	30.3
Selling, general and administrative, excluding non-cash compensation	36,951	23,988	12,963	54.0
Corporate expenses, excluding non-cash compensation	5,673	3,734	1,939	51.9
Non-cash compensation	541	545	(4)	(0.7)
Depreciation and amortization	3,114	4,368	(1,254)	(28.7)
Total operating expenses	63,384	45,766	17,618	38.5
Operating income	38,008	38,600	(592)	(1.5)
Interest income	162	630	(468)	(74.3)
Interest expense	16,431	9,749	6,682	68.5
Other income, net	—	(123)	123	(100.0)
Equity in net loss of affiliated company	442	2,144	(1,702)	(79.4)
Income before provision for income taxes and minority interest in income of subsidiary	21,297	27,214	(5,917)	(21.8)
Income tax provision	8,742	10,446	(1,704)	(16.3)
Minority interest in income of subsidiary	1,089	—	1,089	—
Net income	$ 11,466	$ 16,768	$ (5,302)	(31.6)
Preferred stock dividend	—	5,035	(5,035)	(100.0)
Net income applicable to common stockholders	$ 11,466	$ 11,733	$ (267)	(2.3)%

Three Months Ended September 30, 2005 Compared to Three Months Ended September 30, 2004

Net broadcast revenue

Three Months Ended September 30,		Increase/(Decrease)	
2005	2004		
$101,392	$84,366	$17,026	20.2%

During the three months ended September 30, 2005, we recognized approximately $101.4 million in net broadcast revenue compared to approximately $84.4 million during the three months ended September 30, 2004. These amounts are net of agency and sales representative commissions, which were approximately $13.1 million during the three months ended September 30, 2005, compared to approximately $11.6 million for the same period in 2004. The increase in net broadcast revenue was due primarily to our consolidation of the 2005 third quarter operating results of Reach Media, increased pricing for advertising on our stations that resulted from improvement in the general economy, increased listenership and ratings, and revenue from three new stations launched in late 2004. The revenue growth in most of our markets, including, Atlanta, Charlotte, Cleveland, Dallas, Houston, and Minneapolis, was partially offset by revenue declines in Los Angeles due to soft ratings, and Baltimore due to general market conditions. Excluding the 2005 third quarter operating results of Reach Media, our net broadcast revenue increased 6.4% for the three months ended September 30, 2005, compared to the same period in 2004.

Operating expenses

Programming and technical, excluding non-cash compensation

Three Months Ended September 30,			
2005	**2004**	**Increase/(Decrease)**	
$17,105	$13,131	$3,974	30.3%

Programming and technical expenses, excluding non-cash compensation, include expenses associated with on-air talent and the management and maintenance of the systems, tower facilities, and studios used in the creation, distribution and broadcast of programming on our radio stations. Programming and technical expenses, excluding non-cash compensation, also include expenses associated with our research activities and music royalties. The increase in programming and technical expenses, excluding non-cash compensation during the three months ended September 30, 2005, resulted primarily from our consolidation of the 2005 third quarter operating results of Reach Media, and to a lesser extent, an increase in programming expenses relating to our on-air talent, music royalties, tower rentals, incremental costs relating to expanding our presence on the Internet and three new stations launched in late 2004. Excluding the 2005 third quarter operating results of Reach Media, programming and technical expenses, excluding non-cash compensation increased 2.7% for the three months ended September 30, 2005, compared to the same period in 2004.

Selling, general and administrative, excluding non-cash compensation

Three Months Ended September 30,			
2005	**2004**	**Increase/(Decrease)**	
$36,951	$23,988	$12,963	54.0%

Selling, general and administrative expenses, excluding non-cash compensation, include expenses associated with our sales departments, offices, facilities and headcount (outside of our corporate headquarters), marketing expenses, back office expenses, and the advertising traffic (scheduling and insertion) functions. The increase in selling, general and administrative expenses, excluding non-cash compensation, during the three months ended September 30, 2005, resulted primarily from a one-time charge of approximately $5.3 million associated with terminating our national sales representation agreements with Interep National Radio Sales, Inc. (“Interep”), and our consolidation of the 2005 third quarter operating results of Reach Media. The increase also resulted from higher compensation (mainly commissions, bonuses, and national representation fees) and other selling expenses driven by increased revenue, promotional activity, higher event costs, and sales expenses associated with three new stations launched in late 2004. Excluding both the 2005 third quarter operating results of Reach Media, and a one-time charge associated with terminating the Interep national sales representation agreements, selling, general and administrative expenses, excluding non-cash compensation, increased 19.9% for the three months ended September 30, 2005, compared to the same period in 2004.

Corporate expenses, excluding non-cash compensation

Three Months Ended September 30,			
2005	**2004**	**Increase/(Decrease)**	
$5,673	$3,734	$1,939	51.9%

Corporate expenses, excluding non-cash compensation consist of expenses associated with maintaining Radio One’s and Reach Media’s corporate headquarters and facilities, including headcount. The increase in corporate expenses, excluding non-cash compensation during the three months ended September 30, 2005, resulted primarily from our consolidation of the 2005 third quarter operating results of Reach Media, increased compensation, increased contract labor and additional professional fees. Excluding the 2005 third quarter operating results of Reach Media, corporate expenses, excluding non-cash compensation increased 16.5% for the three months ended September 30, 2005, compared to the same period in 2004.

Depreciation and amortization

Three Months Ended September 30,			
2005	**2004**	**Increase/(Decrease)**	
$3,114	$4,368	$(1,254)	(28.7)%

The decrease in depreciation and amortization expense for the three months ended September 30, 2005 was due primarily to the completion of amortization of some of our trade names in late 2004, partially offset by depreciation for our additional capital expenditures made since the third quarter of 2004. Excluding the 2005 third quarter operating results of Reach Media, depreciation and amortization expense decreased 29.6% for the three months ended September 30, 2005, compared to the same period in 2004.

Interest income

Three Months Ended September 30,			
2005	2004	Increase/(Decrease)	
$162	$ 630	$(468)	(74.3)%

The decrease in interest income for the three months ended September 30, 2005 resulted primarily from lower average balances of cash, cash equivalents and short-term investments, and the pay-off of certain officer loans during the three months ended September 30, 2005.

Interest expense

Three Months Ended September 30,			
2005	2004	Increase/(Decrease)	
$16,431	$9,749	$6,682	68.5%

The increase in interest expense during the three months ended September 30, 2005 resulted from additional interest obligations associated with additional borrowings to partially fund the February 2005 redemption of our 6 1/2% Convertible Preferred Remarketable Term Income Deferrable Equity Securities (“HIGH TIDES”) in an amount of $309.8 million. Additional interest obligations were also incurred from borrowings to partially fund the February 2005 acquisition of 51% of the common stock of Reach Media. Also, in June 2005, we entered into an $800.0 million credit agreement and simultaneously borrowed $437.5 million to retire our previous bank credit facilities.

Equity in net loss of affiliated company

Three Months Ended September 30,			
2005	2004	Increase/(Decrease)	
$442	$2,144	$(1,702)	(79.4)%

In July 2003, we entered into a joint venture agreement with an affiliate of Comcast Corporation and certain other investors to form TV One for the purpose of distributing a new cable television programming service. In December 2004, we modified our methodology for estimating our equity in the net loss of TV One. As a result of this modification, we recognized a net loss of $442,000 for the three months ended September 30, 2005, compared to a net loss of approximately $2.1 million in for the three months ended September 30, 2004.

Provision for income taxes

Three Months Ended September 30,			
2005	2004	Increase/(Decrease)	
$8,742	$10,446	$(1,704)	(16.3)%

The decrease in the provision for income taxes for the three months ended September 30, 2005 was primarily due to a decrease in year-to-date pretax income for 2005 compared to 2004. The decrease is partially offset by our consolidation of the 2005 third quarter operating results of Reach Media, an increase in the reserve for contingencies and an increase in our effective rate due to permanent differences between income subject to income tax for book versus tax purposes. Excluding the increase in the reserve for contingencies, our effective tax rate as of September 30, 2005 was 40.6%, compared to 38.6% as of September 30, 2004. The effective tax rate as of September 30, 2005 does not reflect the impact of SFAS No. 123(R), given we have not yet adopted this pronouncement. Excluding the 2005 third quarter operating results of Reach Media, our effective tax rate as of September 30, 2005 was 40.9%, compared to 38.6% as of September 30, 2004.

Minority interest in income of subsidiary

Three Months Ended September 30,			
2005	2004	Increase/(Decrease)	
$1,089	$ —	$ 1,089	—%

The minority interest in income of subsidiary of approximately $1.1 million for the three months ended September 30, 2005 reflects the 49% minority stockholders' interest in Reach Media's net income for the third quarter of 2005. We acquired 51% of the common stock of Reach Media in February 2005**.**

Net income

Three Months Ended September 30,			
2005	2004	Increase/(Decrease)	
$11,466	$16,768	$(5,302)	(31.6)%

As described above, the decrease in net income for the three months ended September 30, 2005 is primarily due to $592,000 in decreased operating income, a decrease in the equity in net loss of affiliated company of approximately $1.7 million, a decrease in the provision for income taxes of approximately $1.7 million, all of which are offset by an increase in net interest expense of approximately $7.2 million, and an increase in minority interest in income of subsidiary of approximately $1.1 million.

Net income applicable to common stockholders

Three Months Ended September 30,			
2005	2004	Increase/(Decrease)	
$11,466	$11,733	$ (267)	(2.3)%

Net income applicable to common stockholders is defined as, net income less dividends on our outstanding HIGH TIDES. The decrease in net income applicable to common stockholders during the three months ended September 30, 2005 was attributable to an decrease in net income of approximately $5.3 million and the elimination of preferred stock dividends of approximately $5.0 million during the three months ended September 30, 2005. In February 2005, we redeemed our outstanding HIGH TIDES in an amount of $309.8 million using proceeds from our sale of $200.0 million 6⅜% senior subordinated notes, borrowings of $110.0 million under our revolving bank credit facility, and available excess cash.

Other Data

Station operating income. Station operating income was flat at approximately $47.3 million for the three months ended September 30, 2005, compared to approximately $47.2 million for the three months ended September 30, 2004. Increases to station operating income from consolidating the 2005 third quarter operating results of Reach Media and increased net broadcast revenue in Radio One markets, were more than offset by higher operating expenses, which include a one-time charge for the termination of the Interep national sales representation agreements. A reconciliation of net income to station operating income is provided on page 26.

Station operating income margin. Our station operating income margin was 47% for the three months ended September 30, 2005, compared to 56% for the three months ended September 30, 2004. Our station operating income was approximately $47.3 million and approximately $47.2 million for the three months ended September 30, 2005 and 2004, respectively, while our net broadcast revenue was approximately $101.4 million and $84.4 million for the three months ended September 30, 2005 and 2004, respectively.

EBITDA. EBITDA was approximately $39.6 million for the three months ended September 30, 2005, compared to approximately $40.7 million for the three months ended September 30, 2004, a decrease of approximately $1.1 million or 2.7%. A reconciliation of net income to EBITDA is provided on page 26.

Nine Months Ended September 30, 2005 Compared to Nine Months Ended September 30, 2004 (In thousands)

	Nine Months Ended September 30,		Increase/(Decrease)	
	2005	2004		
Statements of Operations:				
Net broadcast revenue	$279,926	$240,238	$ 39,688	16.5%
Operating expenses:				
Programming and technical, excluding non-cash compensation	50,501	40,151	10,350	25.8
Selling, general and administrative, excluding non-cash compensation	89,274	70,691	18,583	26.3
Corporate expenses, excluding non-cash compensation	16,140	10,808	5,332	49.3
Non-cash compensation	1,453	2,062	(609)	(29.5)
Depreciation and amortization	9,731	13,359	(3,628)	(27.2)
Total operating expenses	167,099	137,071	30,028	21.9
Operating income	112,827	103,167	9,660	9.4
Interest income	906	1,937	(1,031)	(53.2)
Interest expense	46,100	29,472	16,628	56.4
Other income, net	123	21	102	485.7
Equity in net loss of affiliated company	1,205	5,942	(4,737)	(79.7)
Income before provision for income taxes and minority interest in income of subsidiary	66,551	69,711	(3,160)	(4.5)
Income tax provision	23,839	26,693	(2,854)	(10.7)
Minority interest in income of subsidiary	1,714	—	1,714	—
Net income	$ 40,998	$ 43,018	$ (2,020)	(4.7)
Preferred stock dividend	2,761	15,105	(12,344)	(81.7)
Net income applicable to common stockholders	$ 38,237	$ 27,913	$ 10,324	37.0%

Nine Months Ended September 30, 2005 Compared to Nine Months Ended September 30, 2004

Net broadcast revenue

Nine Months Ended September 30,		Increase/(Decrease)	
2005	2004		
$279,926	$240,238	$39,688	16.5%

During the nine months ended September 30, 2005, we recognized approximately $280.0 million in net broadcast revenue compared to approximately $240.2 million during the nine months ended September 30, 2004. These amounts are net of agency and sales representative commissions, which were approximately $36.2 million during the nine months ended September 30, 2005, compared to approximately $32.9 million for the same period in 2004. The increase in net broadcast revenue was due primarily to our consolidation of the March through September 2005 operating results of Reach Media, increased pricing for advertising on our stations that resulted from improvement in the general economy, increased listenership and ratings, and revenue from three new stations launched in late 2004. The revenue growth in most of our markets, including, Atlanta, Charlotte, Cleveland, Dallas, Houston, Indianapolis, and Raleigh, was partially offset by revenue declines in some of our other markets, including Philadelphia due to a format change, Los Angeles due to soft ratings and Baltimore due to general market conditions. Excluding the March through September 2005 operating results of Reach Media, our net broadcast revenue increased 6.8% for the nine months ended September 30, 2005, compared to the same period in 2004.

Operating expenses

Programming and technical, excluding non-cash compensation

Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004	Increase/(Decrease)	
$50,501	$40,151	$10,350	25.8%

Programming and technical expenses, excluding non-cash compensation, include expenses associated with on-air talent and the management and maintenance of the systems, tower facilities, and studios used in the creation, distribution and broadcast of programming on our radio stations. Programming and technical expenses, excluding non-cash compensation also include expenses associated with our research activities and music royalties. The increase in programming and technical expenses, excluding non-cash compensation during the nine months ended September 30, 2005, resulted primarily from our consolidation of the March through September 2005 operating results of Reach Media, and to a lesser extent, an increase in programming expenses relating to our on-air talent, music royalties, tower rentals, incremental costs relating to expanding our presence on the Internet and three new stations launched in late 2004. Excluding the March through September 2005 operating results of Reach Media, programming and technical expenses, excluding non-cash compensation, increased 3.8% for the nine months ended September 30, 2005, compared to the same period in 2004.

Selling, general and administrative, excluding non-cash compensation

Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004	Increase/(Decrease)	
$89,274	$70,691	$18,583	26.3%

Selling, general and administrative expenses, excluding non-cash compensation, include expenses associated with our sales departments, offices, facilities and headcount (outside of our corporate headquarters), marketing expenses, back office expenses, and the advertising traffic (scheduling and insertion) functions. The increase in selling, general and administrative expenses, excluding non-cash compensation, during the nine months ended September 30, 2005, resulted primarily from a one-time charge of approximately $5.3 million associated with terminating our national sales representation agreements with Interep, and our consolidation of the March through September 2005 operating results of Reach Media. The increase also resulted from higher compensation (mainly commissions, bonuses, and national representation fees) and other selling expenses driven by increased revenue, promotional activity, higher event costs, and sales expenses associated with three new stations launched in late 2004. Excluding both the March through September 2005 operating results of Reach Media, and a one-time charge associated with terminating the Interep national sales representation agreements, selling, general and administrative expenses, excluding non-cash compensation increased 11.2% for the nine months ended September 30, 2005, compared to the same period in 2004.

Corporate expenses, excluding non-cash compensation

Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004	Increase/(Decrease)	
$16,140	$10,808	$5,332	49.3%

Corporate expenses, excluding non-cash compensation consist of expenses associated with maintaining Radio One's and Reach Media's corporate headquarters and facilities, including headcount. The increase in corporate expenses, excluding non-cash compensation during the nine months ended September 30, 2005, resulted primarily from our consolidation of the March through September 2005 operating results of Reach Media, increased compensation, higher travel and entertainment expenses, increased contract labor, and additional professional fees. Excluding the March through September 2005 operating results of Reach Media, corporate expenses, excluding non-cash compensation increased 20.5% for the nine months ended September 30, 2005, compared to the same period in 2004.

Non-cash compensation

Nine Months Ended September 30,		
2005	2004	Increase/(Decrease)
$1,453	$2,062	$(609) (29.5)%

During the nine months ended September 30, 2005, we issued restricted stock to certain on-air talent, some of which vested immediately. As a result, the non-cash compensation expense during the nine months ended September 30, 2005 decreased from the expense recorded in the comparable period of the prior year.

Depreciation and amortization

Nine Months Ended September 30,		
2005	2004	Increase/(Decrease)
$9,731	$13,359	$(3,628) (27.2)%

The decrease in depreciation and amortization expense for the nine months ended September 30, 2005 was due primarily to the completion of amortization of some of our trade names in late 2004, partially offset by depreciation for our additional capital expenditures made since the third quarter of 2004. Excluding the March through September 2005 operating results of Reach Media, depreciation and amortization expense decreased 27.9% for the nine months ended September 30, 2005, compared to the same period in 2004.

Interest income

Nine Months Ended September 30,		
2005	2004	Increase/(Decrease)
$906	$1,937	$(1,031) (53.2)%

The decrease in interest income resulted primarily from lower average balances of cash, cash equivalents and short-term investments and the pay-off of certain officer loans during the first quarter of 2005.

Interest expense

Nine Months Ended September 30,		
2005	2004	Increase/(Decrease)
$46,100	$29,472	$16,628 56.4%

The increase in interest expense during the nine months ended September 30, 2005 resulted from additional interest obligations associated with additional borrowings to partially fund the February 2005 redemption of our HIGH TIDES in an amount of $309.8 million. Additional interest obligations were also incurred from borrowings to partially fund the February 2005 acquisition of 51% of the common stock of Reach Media. Also, in June 2005, we entered into an $800.0 million credit agreement and simultaneously borrowed $437.5 million to retire our previous bank credit facilities.

Equity in net loss of affiliated company

Nine Months Ended September 30,		
2005	2004	Increase/(Decrease)
$1,205	$5,942	$(4,737) (79.7)%

In July 2003, we entered into a joint venture agreement with an affiliate of Comcast Corporation and certain other investors to form TV One for the purpose of distributing a new cable television programming service. In December 2004, we modified our methodology for estimating our equity in the net loss of TV One. As a result of this modification, we recognized a net loss of $1.2 million for the nine months ended September 30, 2005, compared to a net loss of approximately $5.9 million for the nine months ended September 30, 2004.

Provision for income taxes

Nine Months Ended September 30,			
2005	2004	Increase/(Decrease)	
$23,839	$26,693	$(2,854)	(10.7)%

The decrease in the provision for income taxes for the nine months ended September 30, 2005 was primarily due to a favorable change to Ohio state tax laws enacted on June 30, 2005 and decreased year-to-date pretax income for 2005 compared to 2004. The decrease is partially offset by our consolidation of the March through September 2005 operating results of Reach Media, an increase in the reserve for contingencies, and an increase in our effective tax rate due to permanent differences between income subject to income tax for book versus tax purposes. Excluding the increase in the reserve for contingencies and the decrease in the provision due to the Ohio tax law change, our effective tax rate as of September 30, 2005 was 40.2%, compared to 38.6% as of September 30, 2004. The effective tax rate as of September 30, 2005 does not reflect the impact of SFAS No. 123(R), given we have not yet adopted this pronouncement. Excluding the March through September 2005 operating results of Reach Media, our effective tax rate as of September 30, 2005 was 40.9%, compared to 38.6% as of September 30, 2004.

Minority interest in income of subsidiary

Nine Months Ended September 30,			
2005	2004	Increase/(Decrease)	
$1,714	$—	$1,714	—%

The minority interest in income of subsidiary of approximately $1.7 million for the nine months ended September 30, 2005 reflects the 49% minority stockholders' interest in Reach Media's net income for March through September 2005. We acquired 51% of the common stock of Reach Media in February 2005.

Net income

Nine Months Ended September 30,			
2005	2004	Increase/(Decrease)	
$40,998	$43,018	$(2,020)	(4.7)%

As described above, the decrease in net income during the nine months ended September 30, 2005 is primarily due to approximately $9.7 million in increased operating income, a decrease of approximately $4.7 million in equity in net loss of affiliated company, a decrease in the provision for income taxes of approximately $2.9 million, all of which are offset by an increase in net interest expense of approximately $17.6 million, and an increase in minority interest in income of subsidiary of approximately $1.7 million.

Net income applicable to common stockholders

Nine Months Ended September 30,			
2005	2004	Increase/(Decrease)	
$38,237	$27,913	$10,324	37.0%

Net income applicable to common stockholders is defined as net income less dividends on our outstanding HIGH TIDES. The increase in net income applicable to common stockholders during the nine months ended September 30, 2005, was attributable to the decrease in net income of approximately $2.0 million, and a decrease in preferred stock dividends of approximately $12.3 million. In February 2005, we redeemed our outstanding HIGH TIDES in an amount of $309.8 million, using proceeds from our sale of $200.0 million 6 $^{3}/_{8}$% senior subordinated notes, borrowings of $110.0 million under our revolving bank credit facility, and available excess cash.

Other Data

Station operating income. Station operating income increased to approximately $140.2 million for the nine months ended September 30, 2005, compared to approximately $129.4 million for the nine months ended September 30, 2004, an increase of approximately $10.8 million or 8.3%. Increases to station operating income from consolidating the March through September 2005 operating results of Reach Media and increased net broadcast revenue in Radio One markets, were partially offset by higher operating expenses, which include a one-time charge for the termination of the Interep national sales representation agreements. A reconciliation of net income to station operating income is provided on page 26.

Station operating income margin. Our station operating income margin was 50% for the nine months ended September 30, 2005, compared to 54% for the nine months ended September 30, 2004. Our station operating income was approximately $140.2 million and approximately $129.4 million for the nine months ended September 30, 2005 and 2004, respectively, while our net broadcast revenue was approximately $279.9 million and $240.2 million for the nine months ended September 30, 2005 and 2004, respectively.

EBITDA. EBITDA was approximately $119.8 million for the nine months ended September 30, 2005, compared to approximately $110.6 million for the nine months ended September 30, 2004, an increase of approximately $9.2 million or 8.3%. A reconciliation of net income to EBITDA is provided on page 26.

LIQUIDITY AND CAPITAL RESOURCES

Our primary source of liquidity is cash provided by operations and, to the extent necessary, commitments available under our bank credit facilities and other debt or equity financings.

In June 2005 we entered into a new credit agreement (the “Credit Agreement”) with a syndicate of banks. The term of the Credit Agreement is seven years and the total amount available under the Credit Agreement is $800.0 million, consisting of a $500.0 million revolving facility and a $300.0 million term loan facility. Borrowings under the bank credit facilities are subject to compliance with provisions of the Credit Agreement, including but not limited to financial covenants. We may use proceeds from the bank credit facilities for working capital, capital expenditures made in the ordinary course of business and other lawful corporate purposes, for our common stock repurchase program, and for direct and indirect investments permitted under the Credit Agreement. The Credit Agreement contains affirmative and negative covenants that we must comply with, including (a) maintaining a ratio of consolidated adjusted EBITDA to consolidated interest expense of no less than 2.50 to 1.00, (b) maintaining a ratio of consolidated debt for borrowed money to consolidated adjusted EBITDA of no greater than 6.50 to 1.00 from June 13, 2005 to September 30, 2006, and no greater than 6.00 to 1.00 beginning October 1, 2006 and thereafter, (c) limitations on liens, (d) limitations on the sale of assets, (e) limitations on the payment of dividends, and (f) limitations on mergers, as well as other customary covenants. Simultaneous with entering into the Credit Agreement, we borrowed $437.5 million under the Credit Agreement to retire all outstanding obligations under our previous credit agreement, dated as of July 17, 2000. The previous credit agreement provided for borrowings up to $600.0 million, and consisted of a $350.0 million term facility and a $250.0 million revolving facility.

As of September 30, 2005, we had approximately $348.0 million available for borrowing. Taking into consideration the covenants under the Credit Agreement, approximately $167.0 million of that amount is available to be drawn down. Both the term loan facility and the revolving facility under the Credit Agreement bear interest, at our option, at a rate equal to either LIBOR plus a spread that ranges from 0.63% to 1.50%, or the prime rate plus a spread of up to 0.50%, depending on our leverage ratio. We also pay a commitment fee that varies depending on certain financial covenants and the amount of unused commitment, up to a maximum of 0.375% per annum on the average balance of the revolving facility. We believe that we are in compliance with all covenants under the Credit Agreement.

In connection with entering into the Credit Agreement in June 2005, we (a) recorded approximately $3.9 million of deferred financing costs to be amortized over the life of the Credit Agreement, and (b) wrote-off approximately $2.1 million of the previous bank facilities’ unamortized deferred financing costs as a loss on extinguishment of debt.

Under our Credit Agreement, we may be required from time to time to protect ourselves from interest rate fluctuations using interest rate hedge agreements. As a result, we have entered into various fixed rate swap agreements designed to mitigate our exposure to higher floating interest rates. These swap agreements require that we pay a fixed rate of interest on the notional amount to a bank and that the bank pays to us a variable rate equal to three-month LIBOR. As of September 30, 2005, we have swap agreements in place for a total notional amount of $100.0 million, and the periods remaining on these swap agreements range in duration from two to seven years.

Our credit exposure under these swap agreements is limited to the cost of replacing an agreement in the event of non-performance by our counter-party; however, we do not anticipate non-performance. All of the swap agreements are tied to the three-month LIBOR interest rate, which may fluctuate significantly on a daily basis. The valuation of each of these swap agreements is affected by the change in the three-month LIBOR rates and the remaining term of the agreement. Any increase in the three-month LIBOR rate results in a more favorable valuation, while a decrease in the three-month LIBOR rate results in a less favorable valuation.

The following table summarizes the interest rates in effect with respect to our debt as of September 30, 2005 (excluding capital leases):

Type of Debt	Amount Outstanding (Millions)	Applicable Interest Rate
Senior bank term debt (swap matures June 16, 2012)(1)(2)	$ 25.0	5.72%
Senior bank term debt (swap matures June 16, 2010)(1)(2)	25.0	5.52
Senior bank term debt (swap matures June 16, 2008)(1)(2)	25.0	5.38
Senior bank term debt (swap matures June 16, 2007)(1)(2)	25.0	5.33
Senior bank term debt (subject to variable interest rates)(3)	200.0	5.13
Senior bank revolving debt (subject to variable interest rates)(3)	152.5	5.13
8 7/8% Senior subordinated notes (fixed rate)	300.0	8.88
6 3/8% Senior subordinated notes (fixed rate)	200.0	6.38

(1) A total of $100.0 million is subject to fixed rate swap agreements that became effective on June 16, 2005.

(2) Under our fixed rate swap agreements, we pay a fixed rate plus a spread based on our leverage ratio, as defined in our Credit Agreement. That spread is currently set at 1.25% and is incorporated into the applicable interest rates outlined above.

(3) Subject to rolling 90-day LIBOR plus a spread currently at 1.25% and incorporated into the applicable interest rate.

In February 2005, we completed the private placement of $200.0 million 6 3/8% senior subordinated notes due 2013, realizing net proceeds of approximately $195.5 million. We recorded approximately $4.5 million in deferred offering costs, which are being amortized to interest expense over the life of the related notes using the effective interest rate method. The net proceeds of the offering, in addition to borrowings of $110.0 million under our previous revolving credit facility and available excess cash, were primarily used to redeem our outstanding HIGH TIDES in an amount of $309.8 million. In October 2005, the 6 3/8% senior subordinated notes were exchanged for an equal amount of notes registered under the Securities Act of 1933, as amended ("the Securities Act").

In May 2001, we completed the private placement of $300.0 million 8 7/8% senior subordinated notes due 2011, realizing net proceeds of approximately $291.8 million. We recorded approximately $8.2 million in deferred offering costs, which are being amortized to interest expense over the life of the notes using the effective interest rate method. The net proceeds of the offering were primarily used to repay amounts owed on our bank credit facilities and previously outstanding senior subordinated notes. In November 2001, the 8 7/8% senior subordinated notes were exchanged for an equal amount of notes registered under the Securities Act.

Our Credit Agreement and the indentures governing our senior subordinated notes require that we comply with certain financial covenants limiting our ability to incur additional debt. Such terms also place restrictions on us with respect to the sale of assets, liens, investments, dividends, debt repayments, capital expenditures, transactions with affiliates, consolidation and mergers, and the issuance of equity interests, among other things. Our Credit Agreement also requires compliance with financial tests based on financial position and results of operations, including a leverage ratio, an interest coverage ratio and a fixed charge coverage ratio, all of which could effectively limit our ability to borrow under the Credit Agreement or to otherwise raise funds in the debt markets.

The following table provides a comparison of our statements of cash flows for the nine months ended September 30, 2005 and 2004, respectively:

	2005	2004
	(In thousands)	
Net cash flows from operating activities	$ 67,301	$ 82,705
Net cash flows used in investing activities	(25,017)	(103,850)
Net cash flows used in financing activities	(28,048)	(4,165)

Net cash flows from operating activities were approximately $67.3 million and $82.7 million for the nine months ended September 30, 2005 and 2004, respectively. Cash flows from operating activities for the nine months ended September 30, 2005 declined from the prior year primarily because of changes to the components of working capital. Specifically, trade accounts receivable increased due to sales growth and accounts payable and other current liabilities declined due to the elimination of the dividend accrual associated with the redemption of our outstanding HIGH TIDES in an amount of $309.8 million. The changes in working capital were partially offset by the $3.4 million Katz Communications, Inc. paid us as an inducement to enter into new national sales representation agreements.

Net cash flows used in investing activities were approximately $25.0 million and $103.9 million for the nine months ended September 30, 2005 and 2004, respectively. During the nine months ended September 30, 2005, we completed the acquisition of 51% of the common stock of Reach Media for approximately $55.8 million in a combination of approximately $30.4 million of cash and 1,809,648 shares of our Class D common stock, and we sold short-term marketable securities for approximately $10.0 million. Capital expenditures were approximately $12.7 million for the nine months ended September 30, 2005. During the nine months ended September 30, 2004, we completed the acquisition of the assets of WRNB-FM (formerly WSNJ-FM) in the Philadelphia market for approximately $35.0 million, completed the acquisition of KROI-FM in the Houston market for approximately $72.5 million, paid $3.5 million pursuant to our agreement to purchase all of the outstanding stock of New Mableton Broadcasting Corporation ("NMBC"), and sold short term marketable securities for approximately $15.7 million. Capital expenditures were approximately $7.5 million for the nine months ended September 30, 2004.

Net cash flows used in financing activities were approximately $28.0 million for the nine months ended September 30, 2005, compared to net cash flows used in financing activities of approximately $4.2 million for the nine months ended September 30, 2004. During the nine months ended September 30, 2005, we made a principal payment of $17.5 million on our previous term loan, paid approximately $437.5 million of amounts outstanding under our previous bank credit facilities with proceeds from the new bank credit facilities, borrowed $15.0 million from the new bank revolving facility in connection with our stock repurchase program, repurchased shares of Class A and Class D common stock for approximately $41.2 million, realized net proceeds of approximately $195.5 million from the private placement of $200.0 million $6^3/_8$ % senior subordinated notes due 2013, borrowed $135.0 million under our previous revolving credit facility, redeemed our outstanding HIGH TIDES in an amount of $309.8 million, received approximately $6.0 million from our stock subscriptions receivable and paid dividends on our HIGH TIDES of approximately $7.0 million. During the nine months ended September 30, 2004, we made principal payments of $39.4 million on our previous term loan and paid preferred dividends of approximately $15.1 million on the HIGH TIDES.

We continuously review opportunities to acquire additional radio stations, primarily in the top 60 African-American markets, and to make strategic investments. In September 2005, we announced an agreement to purchase the assets of WRDA-FM, a radio station in the St. Louis metropolitan area for approximately $20.0 million in cash. We consolidated the station with our existing St. Louis operations, reformatted the station, and began operating the station under a local marketing agreement on October 1, 2005. We expect to complete the acquisition during the fourth quarter of 2005. Other than our agreement to purchase the assets of WRDA-FM, and our agreement with an affiliate of Comcast Corporation, DIRECTV and other investors to fund TV One (the balance of our commitment is $37.0 million as of September 30, 2005), we have no definitive agreements to make acquisitions of additional radio stations or to make strategic investments. We anticipate that any future acquisitions or strategic investments will be financed through funds generated from operations, cash on hand, equity financings, permitted debt financings, debt financings through unrestricted subsidiaries or a combination of these sources. However, there can be no assurance that financing from any of these sources, if available, will be available on favorable terms.

As of September 30, 2005, we had a standby letter of credit in the amount of $417,000 in connection with our annual insurance policy renewals. To date, there has been no activity on the standby letter of credit.

Our ability to meet our debt service obligations and reduce our total debt, our ability to refinance the $8\,^7/_8$% senior subordinated notes at or prior to their scheduled maturity date in 2011, and our ability to refinance the $6\,^3/_8$% senior subordinated notes at or prior to their scheduled maturity date in 2013 will depend upon our future performance which, in turn, will be subject to general economic conditions and to financial, business and other factors, including factors beyond our control. During the remainder of 2005, our principal liquidity requirements will be for working capital, continued business development, strategic investment opportunities and for general corporate purposes, including capital expenditures.

We believe that, based on current levels of operations and anticipated internal growth, for the foreseeable future, cash flow from operations together with other available sources of funds will be adequate to make required payments of interest on our indebtedness, to fulfill our commitment to fund TV One, to fund potential acquisitions, to fund anticipated capital expenditures and working capital requirements and to enable us to comply with the terms of our debt agreements. However, in order to finance future acquisitions or investments, if any, we may require additional financing and there can be no assurance that we will be able to obtain such financing on terms acceptable to us.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our accounting policies are described in Note 1 of the Consolidated Financial Statements. We prepare our Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States, which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. In Management's Discussion and Analysis contained in our Annual Report on Form 10-K/A for the year ended December 31, 2004, we summarized the policies and estimates that we believe to be most critical in understanding the judgments involved in preparing our financial statements and the uncertainties that could affect our results of operations, financial condition and cash flows. There have been no material changes on such policies or estimates since we filed our Annual Report on Form 10-K/A for the year ended December 31, 2004.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 123(R), ("SFAS No. 123(R)"), *"Accounting for Stock-Based Compensation."* SFAS No. 123(R) sets accounting requirements for "share-based" compensation to employees, including employee stock purchase plans. The statement eliminates the ability to account for share-based compensation transactions using Accounting Principles Board ("APB") Opinion No. 25, *"Accounting for Stock Issued to Employees,"* and generally requires instead that such transactions be accounted for using a fair-value-based method. Disclosure of the effect of expensing the fair value of equity compensation is currently required under existing literature. The statement also requires the tax benefit associated with these share based payments be classified as financing activities in the Statement of Cash Flows rather than operating activities as currently permitted. The Securities and Exchange Commission delayed the required implementation date for this statement from the third quarter of 2005 to the beginning of the 2006 fiscal year. We plan to use the Black-Scholes Option Pricing Model to estimate the fair value of our stock options and expect to use the modified prospective method in adopting the fair value method of measuring compensation cost relating to stock-based employee compensation. We have not yet estimated the impact this pronouncement will have on our financial statements.

CAPITAL AND COMMERCIAL COMMITMENTS

Long-term debt

In February 2005, we completed the private placement of $200.0 million $6\,^{3}/_{8}$% senior subordinated notes due 2013 realizing net proceeds of approximately $195.5 million. The net proceeds were primarily used to redeem our outstanding HIGH TIDES in an amount of $309.8 million. In October 2005, the $6\,^{3}/_{8}$% senior subordinated notes were exchanged for an equal amount of notes registered under the Securities Act.

In May 2001, we completed the private placement of $300.0 million $8\,^{7}/_{8}$% senior subordinated notes due 2011 realizing net proceeds of approximately $291.8 million. In November 2001, the $8\,^{7}/_{8}$% senior subordinated notes were exchanged for an equal amount of notes registered under the Securities Act.

Lease obligations

We have non-cancelable operating leases for office space, studio space, broadcast towers and transmitter facilities and non-cancelable capital leases for equipment that expire over the next 16 years.

Contractual Obligations Schedule

The following table represents our contractual obligations as of September 30, 2005:

	Payments Due by Period(1) (In thousands)						
Contractual Obligations	**October — December 2005**	**2006**	**2007**	**2008**	**2009**	**2010 and Beyond**	**Total**
$8\ ^7/_8$% Senior subordinated notes	$ —	$ —	$ —	$ —	$ —	$ 300,000	$ 300,000
$6\ ^3/_8$% Senior subordinated notes	—	—	—	—	—	200,000	200,000
Bank credit facilities	—	—	7,500	37,500	67,500	340,000	452,500
Capital lease obligations	1	7	7	7	—	—	22
Other operating contracts/ agreements(2)(3)(4)	9,617	34,876	25,869	20,119	18,097	61,360	169,938
Operating lease obligations	1,758	6,800	6,625	6,371	5,865	21,857	49,276
Total	$ 11,376	$ 41,683	$ 40,001	$ 63,997	$ 91,462	$ 923,217	$ 1,171,736

(1) The above amounts do not include interest, which in some cases is variable in amount.

(2) Includes employment contracts, severance obligations, on-air talent contracts and other programming agreements.

(3) Includes a retention bonus of approximately $2.0 million pursuant to an employment agreement with the Chief Administrative Officer (“CAO”) for remaining employed with the Company through and including October 31, 2008. If the CAO’s employment ends before October 31, 2008, the amount paid will be a pro rata portion of the retention bonus based on the number of days of employment between October 31, 2004 and October 31, 2008.

(4) Includes a retention bonus of approximately $7.0 million pursuant to an employment agreement with the Chief Financial Officer (“CFO”) for remaining employed with the Company through and including October 18, 2010. If the CFO’s employment ends before October 18, 2010, the amount paid will be a pro rata portion of the retention bonus based on the number of days of employment between October 18, 2005 and October 18, 2010.

In addition to the obligations above, as of September 30, 2005, we had swap agreements in place for a total notional amount of $100.0 million. The periods remaining on the swap agreements range in duration from two to seven years. If we terminate our interest swap agreements before they expire, we will be required to pay early termination fees. Our credit exposure under these agreements is limited to the cost of replacing an agreement in the event of non performance by our counter-party, however, we do not anticipate non-performance.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are not historical facts, but rather reflect our current expectations concerning future results and events. You can identify some of these forward-looking statements by our use of words such as “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “likely,” “may,” “estimates” and similar expressions. We cannot guarantee that we will achieve these plans, intentions or expectations. Because these statements apply to future events, they are subject to risks and uncertainties that could cause actual results to differ materially from those forecast or anticipated in the forward-looking statements. These risks, uncertainties and factors include, but are not limited to:

- economic conditions, both generally and relative to the radio broadcasting industry;
- risks associated with our acquisition strategy;
- the highly competitive nature of the broadcast industry;
- our high degree of leverage; and
- other factors described in our reports on Form 10-K/A and Form 10-Q.

You should not place undue reliance on these forward-looking statements, which reflect our view as of the date of this report. We undertake no obligation to publicly update or revise any forward-looking statements because of new information, future events or otherwise.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

For quantitative and qualitative disclosures about market risk affecting Radio One, see Item 7A: "Quantitative and Qualitative Disclosures about Market Risk" in our Annual Report on Form 10-K/A, for the fiscal year ended December 31, 2004. Our exposure related to market risk has not changed materially since December 31, 2004.

Item 4. *Controls and Procedures*

Evaluation of disclosure controls and procedures

We have carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, our CEO and CFO concluded that as of such date, our disclosure controls and procedures are effective in timely alerting them to material information required to be included in our periodic SEC reports. Disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, are controls and procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objectives and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our disclosure controls and procedures are designed to provide a reasonable level of assurance of reaching our desired disclosure controls objectives. Our management, including our CEO and CFO, has concluded that our disclosure controls and procedures are effective in reaching that level of reasonable assurance.

Changes in internal control over financial reporting

During the third quarter of 2005, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. *Legal Proceedings*

In November 2001, Radio One and certain of its officers and directors were named as defendants in a class action shareholder complaint filed in the United States District Court for the Southern District of New York, now captioned, In re Radio One, Inc. Initial Public Offering Securities Litigation, Case No. 01-CV-10160. Similar complaints were filed in the same court against hundreds of other public companies (Issuers) that conducted initial public offerings of their common stock in the late 1990s ("the IPO Lawsuits"). In the complaint filed against Radio One (as amended), the plaintiffs claim that Radio One, certain of its officers and directors, and the underwriters of certain of its public offerings violated Section 11 of the Securities Act based on allegations that its registration statement and prospectus failed to disclose material facts regarding the compensation to be received by, and the stock allocation practices of the underwriters. The complaint also contains a claim for violation of Section 10(b) of the Securities Exchange Act of 1934 based on allegations that this omission constituted a deceit on investors. The plaintiffs seek unspecified monetary damages and other relief.

In July 2002, Radio One joined in a global motion, filed by the Issuers, to dismiss the IPO Lawsuits. In October 2002, the court entered an order dismissing the Company's named officers and directors from the IPO Lawsuits without prejudice, pursuant to an agreement tolling the statute of limitations with respect to Radio One's officers and directors until September 30, 2003. In February 2003, the court issued a decision denying the motion to dismiss the Section 11 and Section 10(b) claims against Radio One and most of the Issuers.

In July 2003, a Special Litigation Committee of Radio One's board of directors approved in principle a settlement proposal with the plaintiffs that is anticipated to include most of the Issuers. The proposed settlement would provide for the dismissal with prejudice of all claims against the participating Issuers and their officers and the assignment to plaintiffs of certain potential claims that the Issuers may have against their underwriters. The tentative settlement also provides that, in the event that plaintiffs ultimately recover less than a guaranteed sum from the underwriters, plaintiffs would be entitled to payment by each participating Issuer's insurer of a pro rata share of any shortfall in the plaintiffs guaranteed recovery. In September 2003, in connection with the proposed settlement, Radio One's named officers and directors extended the tolling agreement so that it would not expire prior to any settlement being finalized.

In June 2004, Radio One executed a final settlement agreement with the plaintiffs. On February 15, 2005, the court issued a decision certifying a class action for settlement purposes and granting preliminary approval of the settlement subject to modification of certain bar orders contemplated by the settlement. On August 31, 2005, the court reaffirmed class certification and preliminary approval of the modified settlement in a comprehensive order. In addition, the court approved the form of Notice to be sent to members of the settlement classes, which will be published and mailed beginning November 15, 2005. The court has set a Final Settlement Fairness Hearing on the settlement for April 24, 2006. The settlement is still subject to statutory notice requirements and final judicial approval.

Radio One is involved from time to time in various routine legal and administrative proceedings and threatened legal and administrative proceedings incidental to the ordinary course of our business. Radio One believes the resolution of such matters will not have a material adverse effect on its business, financial condition or results of operations.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

During the three months and nine months ending September 30, 2005, we made repurchases of our Class A and Class D common stock pursuant to the $150.0 million stock repurchase program adopted by our board of directors on May 25, 2005.

The following table provides information on our repurchases during the three months ended September 30, 2005.

Period	(a) Total Number of Shares Purchased (1)	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
August 1, 2005 — August 31, 2005	104,895 Class A	$ 14.04	104,895	
August 1, 2005 — August 31, 2005	1,459,388 Class D	$ 13.93	1,459,388	
September 1, 2005 — September 30, 2005	20,304 Class A	$ 13.51	20,304	
September 1, 2005 — September 30, 2005	313,983 Class D	$ 13.49	313,983	
Total	1,898,570		1,898,570	$ 108,891,743

(1) On May 25, 2005, the Company's board of directors authorized a stock repurchase program for up to $150.0 million of the Company's Class A and Class D common stock over a period of 18 months, with the amount and timing of repurchases based on stock price, general economic and market conditions, certain restrictions contained in the Credit Agreement governing the Company's bank credit facilities and subordinated debt and certain other factors. The repurchase program does not obligate the Company to repurchase any of its common stock and may be discontinued or suspended at any time.

Item 3. ***Defaults Upon Senior Securities***

None.

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

None.

Item 5. ***Other Information***

None.

Item 6. ***Exhibits***

3.1	Amended and Restated Certificate of Incorporation of Radio One, Inc. (dated as of May 4, 2000), as filed with the State of Delaware on May 9, 2000 (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended March 31, 2000 (File No. 000-25969)).
3.1.1	Certificate of Amendment (dated as of September 21, 2000) of the Amended and Restated Certificate of Incorporation of Radio One, Inc. (dated as of May 4, 2000), as filed with the State of Delaware on September 21, 2000 (incorporated by reference to Radio One's Current Report on Form 8-K filed October 6, 2000 (File No. 000-25969)).
3.2	Amended and Restated By-laws of Radio One, Inc., amended as of June 5, 2001 (incorporated by reference to Radio One's Quarterly Report on Form 10-Q filed August 14, 2001 (File No. 000-25969)).
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RADIO ONE, INC.

/s/ Scott R. Royster

Scott R. Royster
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

November 9, 2005

Exhibit 31.1

I, Alfred C. Liggins, III, Chief Executive Officer, President and Director of Radio One, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Radio One, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ ALFRED C. LIGGINS, III

Alfred C. Liggins, III

Chief Executive Officer, President and Director

Date: November 9, 2005

Exhibit 31.2

I, Scott R. Royster, Executive Vice President, Chief Financial Officer and Principal Accounting Officer of Radio One, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Radio One, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Scott R. Royster

Scott R. Royster

Executive Vice President, Chief Financial Officer and Principal Accounting Officer

Date: November 9, 2005

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Radio One, Inc. (the “Company”) hereby certifies, to such officer’s knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2005 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ ALFRED C. LIGGINS, III

Name: **Alfred C. Liggins, III**

Title: **Chief Executive Officer and President**

Date: November 9, 2005

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to Radio One, Inc. and will be retained by Radio One, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Radio One, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2005 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Scott R. Royster
Name: **Scott R. Royster**
Title: **Executive Vice President and Chief Financial Officer**

Date: November 9, 2005

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 200 has been provided to Radio One, Inc. and will be retained by Radio One, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.