

SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

FORM S-1  
 REGISTRATION STATEMENT  
 Under  
 The Securities Act of 1933

Radio One, Inc.  
 (Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	52-1166660 (I.R.S. Employer Identification No.)	4832 (Primary Standard Industry Classification Number)
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5900 Princess Garden Parkway, 8th Floor  
 Lanham, MD 20706  
 Telephone: (301) 306-1111  
 (Address, including zip code, and telephone number, including area code, of  
 registrant's principal executive offices)

ALFRED C. LIGGINS, III  
 Chief Executive Officer and President  
 Radio One, Inc.  
 5900 Princess Garden Parkway, 8th Floor  
 Lanham, MD 20706  
 Telephone: (301) 306-1111  
 (Name, address, including zip code, and telephone number, including area code,  
 of agent for service)

With copies to:

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Approximate date of commencement of the proposed sale to the public: As soon  
 as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a  
 delayed or continuous basis pursuant to Rule 415 under the Securities Act of  
 1933 (the "Securities Act"), check the following box.

If this Form is filed to register additional securities for an offering  
 pursuant to Rule 462(b) under the Securities Act, please check the following  
 box and list the Securities Act Registration Statement number of the earlier  
 effective Registration Statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c)  
 under the Securities Act, check the following box and list the Securities Act  
 Registration Statement number of the earlier effective Registration Statement  
 for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434,  
 please check the following box.

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Amount to be registered(/1/)	Proposed maximum offering price per share(2)	Proposed maximum aggregate offering price(/2/)	Amount of registration fee
Class A Common Stock, par value \$0.001 per share.....	5,000,000 Shares	\$45.00	\$225,000,000	\$62,550

(1)Includes shares that the underwriters have the option to purchase from  
 the Company to cover over-allotments, if any.

(2) Estimated pursuant to Rule 457(f)(2) based on the average high and low sale price per share of class A common stock on The Nasdaq Stock Market's National Market on October 19, 1999.

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The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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+++++The information in this prospectus is not complete and may be changed. We may +  
 +not sell these securities until the registration statement filed with the +  
 +Securities and Exchange Commission is effective. This prospectus is not an +  
 +offer to sell these securities and it is not soliciting an offer to buy these +  
 +securities in any state where the offer or sale is not permitted. +  
 +++++

SUBJECT TO COMPLETION, DATED OCTOBER , 1999

Shares

[LOGO OF RADIO ONE]

Class A Common Stock

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We are selling shares of class A common stock and the selling stockholders are selling shares of class A common stock. We will not receive any proceeds from shares sold by the selling stockholders.

Our class A common stock is traded on The Nasdaq National Market under the symbol "ROIA." The last reported sale price for our class A common stock on The Nasdaq National Market on , 1999, was \$ per share.

The underwriters have an option to purchase a maximum of additional shares to cover over-allotments of shares.

Investing in our class A common stock involves risks. See "Risk Factors" on page .

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Radio One	Proceeds to Selling Stockholders
Per Share.....	\$	\$	\$	\$
Total.....	\$	\$	\$	\$

Delivery of the shares of class A common stock will be made on or about .

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Credit Suisse First Boston

The date of this prospectus is .

[Map of Eastern U.S. with ROI radio station logos, call signs and frequencies.]

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You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

Radio One's principal executive offices are located at 5900 Princess Garden Parkway, 8th Floor, Lanham, MD 20706, and our telephone number is (301) 306-1111.

## PROSPECTUS SUMMARY

This summary contains a general discussion of our business, this offering and summary financial information. We encourage you to read the entire prospectus for a more complete understanding of Radio One and this offering. Except where otherwise noted, all share numbers and per share data in this prospectus give effect to the capitalization transactions described in "Capitalization." Unless otherwise indicated, all information in this prospectus assumes that the underwriters' over-allotment option will not be exercised.

### RADIO ONE, INC.

#### Introduction

We were founded in 1980 and are the largest radio broadcasting company in the United States primarily targeting African-Americans. After we complete our acquisitions of four stations that we operate in Richmond, we will own 26 radio stations. Twenty-five of these stations (eighteen FM and seven AM) are in nine of the top 20 African-American radio markets: Washington, D.C., Baltimore, Atlanta, Philadelphia, Detroit, Cleveland, St. Louis, Richmond and Boston. Our strategy is to expand within our existing markets and into new markets that have a significant African-American presence. We believe radio broadcasting primarily targeting African-Americans has significant growth potential. We also believe that we have a competitive advantage in the African-American market, and the radio industry in general, due to our focus on formats primarily targeting African-American audiences, our skill in programming and marketing these formats, and our turnaround expertise.

The radio stations that we owned or managed as of June 30, 1999, grouped by market, were ranked in the top three in their markets in combined audience and revenue share among radio stations primarily targeting African-Americans. Due to successful implementation of our business strategy, our net broadcast revenue, broadcast cash flow and after-tax cash flow have grown significantly:

- . Same station net broadcast revenue increased 30.6% from year-end 1997 to year-end 1998 and 32.8% for the six months ended June 30, 1999, compared to the same period in 1998.
- . Same station broadcast cash flow increased 50.4% from year-end 1997 to year-end 1998 and 39.6% for the six months ended June 30, 1999, compared to the same period in 1998.
- . After-tax cash flow increased 148.3% from year-end 1997 to year-end 1998 and 22.6% for the six months ended June 30, 1999, compared to the same period in 1998.

Radio One is led by our Chairperson and co-founder, Catherine L. Hughes, and her son, Alfred C. Liggins, III, our Chief Executive Officer and President, who together have over 40 years of operating experience in radio broadcasting. Ms. Hughes, Mr. Liggins and our strong management team have successfully implemented a strategy of acquiring and turning around underperforming radio stations. We believe that we are well positioned to apply our proven operating strategy to our recently or soon to be acquired stations in Cleveland, St. Louis, Richmond and Boston, and to other radio stations in existing and new markets as attractive acquisition opportunities arise.

#### The African-American Market Opportunity

We believe that operating radio stations in large African-American markets, with formats primarily targeting African-American audiences, has significant growth potential for the following reasons:

- . African-Americans are experiencing faster population growth than the population as a whole.
- . African-Americans are experiencing higher income growth than the population as a whole.
- . There is significant growth in advertising targeting the African-American market.

- . We believe there is a growing influence of African-American culture on American society.
- . We believe that radio formats primarily targeting African-Americans are becoming more popular with mainstream audiences.
- . We can reach our target audience with fewer radio stations due to the concentration of African-Americans in the top 40 African-American markets.
- . African-Americans exhibit stronger radio audience listenership and loyalty than the population as a whole.

#### Station Portfolio

We operate in some of the largest African-American markets. We have also acquired or agreed to acquire 13 radio stations since January 1, 1999. These acquisitions diversify our net broadcast revenue, broadcast cash flow and asset bases and increase the number of top 20 African-American markets in which we operate from five to nine. The table below outlines our station operations and summarizes more detailed information provided under "Business," except African-American Market information, which is from BIA 1999, Third Edition.

#### Radio One and Our Markets

Market	Radio One Including Pending Acquisitions						Market Data			
	Number of African-American Stations		Market		1999 Entire Market		1997 MSA Population			
	FM	AM	Audience Share Rank	Revenue Rank	Spring 1999 Audience Share	January-June 1999 Revenue Share	1998 Annual Radio Revenue (\$millions)	Ranking by Size of African-American Population	Total (in millions)	African-American %
Washington, DC.....	2	2	1	1	10.1	10.3%	\$263.4	3	4.3	26.5%
Detroit.....	2	2	2	2	5.5	3.3	230.0	5	4.6	22.3
Philadelphia.....	1	--	2	2	3.0	2.1	255.6	6	4.9	20.2
Atlanta.....	2	--	2	3	6.8	4.9	257.5	7	3.7	26.0
Baltimore.....	2	2	1	1	18.7	22.1	110.1	10	2.5	27.6
St. Louis.....	1	--	n/a	n/a	n/a	n/a	115.6	14	2.6	17.7
Cleveland.....	1	1	n/a	n/a	n/a	n/a	98.7	17	2.1	19.2
Boston.....	1	--	n/a	n/a	n/a	n/a	253.9	18	4.3	7.1
Richmond.....	6	1	n/a	n/a	n/a	n/a	46.4	19	0.9	30.1
Total.....	18	8								

#### Business Strategy

We focus primarily on making strategic acquisitions of underperforming radio stations, improving the performance of these stations and operating them to maximize profitability.

Acquisitions - Our primary acquisition strategy is to acquire and to turn around underperforming radio stations principally in the top 40 African-American markets. We consider acquisitions in existing markets where expanded coverage is desirable and in new markets where we believe it is advantageous to establish a presence. For strategic reasons, or as a result of an acquisition of multiple stations in a market, we may also acquire and operate stations with formats that primarily target non-African-American segments of the population.

Turnarounds - Historically, we have entered a market by acquiring a station or stations that have little or negative broadcast cash flow. Additional stations we have acquired in existing markets have often been, in our opinion, substantially underperforming. By implementing our operating strategy, we have succeeded in increasing ratings, net broadcast revenue and broadcast cash flow of all the FM stations we have owned and operated or managed for at least one year. We have achieved these improvements while operating against much larger competitors.

Operations - In order to maximize net broadcast revenue and broadcast cash flow at our radio stations, we strive to achieve the largest audience share of African-American listeners in each market, to convert these audience share ratings to advertising revenue, and to control operating expenses.



The Offering

Class A common stock  
offered(/1/)... 4,000,000 shares by Radio One  
shares by the selling stockholders  
shares of class A common stock

Common stock to be outstanding  
after this  
offering(/1/)(/2/)... 16,034,397 shares of class A common stock  
2,873,083 shares of class B common stock  
3,195,063 shares of class C common stock  
22,102,543 shares of common stock

Voting Rights..... Holders of class A common stock are entitled  
to one vote per share and are entitled to elect  
two independent directors. Holders of class B  
common stock are entitled to ten votes per  
share. Holders of class C common stock do  
not have voting rights, except as required by  
law.

Other Rights..... Except as to voting and conversion rights,  
each class of common stock has the same  
rights.

Use of Proceeds..... We plan to use the net proceeds from this  
offering:  
.to fund pending and future acquisitions;  
.to repay amounts under our bank credit  
facility, which will increase debt capacity  
for pending and future acquisitions;  
.for continued business development  
activities; and  
.for general corporate purposes.

NASDAQ Symbol..... ROIA

- - - - -
- (1) Excludes                    shares of class A common stock that may be issued to cover over-allotments of shares.
  - (2) Excludes 207,204 shares of class A common stock issuable upon exercise of stock options outstanding at an average exercise price of \$24.00.

## Summary Historical and Pro Forma Consolidated Financial Data

The following table contains summary historical financial information derived from the audited consolidated financial statements for the years ended December 31, 1996, 1997 and 1998, and the unaudited financial statements for the six months ended June 30, 1998 and 1999, of Radio One. The table also contains summary unaudited pro forma financial information derived from the unaudited pro forma financial information set forth under "Unaudited Pro Forma Consolidated Financial Information." The summary unaudited pro forma consolidated financial information does not purport to represent what our results of operations or financial condition would actually have been had the transactions described below occurred on the dates indicated or to project our results of operations or financial condition for any future period or date. The summary financial data set forth in the following table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Unaudited Pro Forma Consolidated Financial Information," and the unaudited financial statements and the audited consolidated financial statements of Radio One included elsewhere in this prospectus.

- . The pro forma amounts for the year ended December 31, 1998, and the six months ended June 30, 1999, are adjusted to give effect to the following transactions as if they had occurred as of January 1, 1998:
  - the acquisitions of:
    - . Bell Broadcasting Company;
    - . Allur-Detroit, Inc.;
    - . Radio One of Atlanta, Inc.;
    - . Dogwood Communications, Inc. (by Radio One of Atlanta, Inc.);
    - . WENZ-FM and WERE-AM in Cleveland;
    - . the assets of WFUN-FM in St. Louis (pro forma balance sheet only);
    - . WKJS-FM and WARV-FM in Richmond;
    - . WDYL-FM in Richmond; and
    - . the assets of WBOT-FM in Boston (pro forma balance sheet only);
  - the pending acquisitions of WJRV-FM, WCDX-FM, WPLZ-FM, and WGCV-AM in Richmond;
  - the repayment of debt;
  - our initial public offering of class A common stock on May 5, 1999; and
  - this offering.
- . The pro forma balance sheet data are adjusted to give effect to the transactions described above as if they had occurred as of June 30, 1999 unless the transactions had actually occurred prior to that date.

	Fiscal Year Ended December 31,				Six Months Ended June 30,			
	Historical				Historical			
	1996	1997	1998	1998 Pro Forma	1998	1999	1999 Pro Forma	
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
	(in thousands, except per share data)							
<b>Statement of Operations</b>								
Net broadcast revenue...	\$23,702	\$32,367	\$46,109	\$73,043	\$19,528	\$ 32,854	\$ 40,385	
Station operating expenses.....	13,927	18,848	24,501	42,135	10,510	19,083	22,420	
Corporate expenses.....	1,793	2,155	2,800	2,800	1,319	2,153	2,174	
Depreciation and amortization.....	4,262	5,828	8,445	20,910	3,632	7,475	10,209	
Operating income.....	3,720	5,536	10,363	7,198	4,067	4,143	5,582	
Interest expense.....	7,252	8,910	11,455	9,628	4,925	7,489	4,971	
Other income (expense), net.....	(77)	415	358	451	286	141	149	
Income tax benefit (expense).....	--	--	1,575	500	--	(476)	(1,200)	
Income (loss) before extraordinary item...	<u>\$(3,609)</u>	<u>\$(2,959)</u>	<u>\$ 841</u>	<u>\$(1,479)</u>	<u>\$ (572)</u>	<u>\$(3,681)</u>	<u>\$ (440)</u>	
Loss applicable to common stockholders before extraordinary item.....	<u>\$(3,609)</u>	<u>\$(4,996)</u>	<u>\$(2,875)</u>	<u>\$(1,479)</u>	<u>\$(2,344)</u>	<u>\$(5,157)</u>	<u>\$ (440)</u>	
<b>Earnings per common share:</b>								
Basic and diluted.....	<u>\$ (0.38)</u>	<u>\$ (0.53)</u>	<u>\$ (0.31)</u>	<u>\$ (0.07)</u>	<u>\$ (0.25)</u>	<u>\$ (0.40)</u>	<u>\$ (0.02)</u>	
<b>Weighted average common shares outstanding:</b>								
Basic and diluted.....	9,392	9,392	9,392	22,102	9,392	12,739	22,102	
<b>Other Data:</b>								
Broadcast cash flow.....	\$ 9,775	\$13,519	\$21,608	\$30,908	\$ 9,018	\$ 13,771	\$ 17,965	
Broadcast cash flow margin.....	41.2%	41.8%	46.9%	42.3%	46.2%	41.9%	44.5%	
EBITDA (before non-cash compensation expense)..	\$ 7,982	\$11,364	\$18,808	\$28,402	\$ 7,699	\$ 11,843	\$ 16,016	
After-tax cash flow.....	806	2,869	7,248	18,262	3,060	3,794	9,994	
Cash interest expense...	4,815	4,413	7,192	5,986	3,104	5,207	2,993	
Accreted preferred stock dividends.....	--	2,037	3,716	--	1,772	1,476	--	
Capital expenditures...	252	2,035	2,236	4,534	1,103	2,119	3,414	
Ratio of total debt to EBITDA (before non-cash compensation expense).....					2.8x			
Ratio of EBITDA (before non-cash compensation expense) to interest expense.....					2.9x			
Ratio of EBITDA (before non-cash compensation expense) to cash interest expense.....					4.7x			
<b>Balance Sheet Data (at period end):</b>								
Cash and cash equivalents.....					\$ 5,018	\$ 85,968		
Intangible assets, net.....					200,181	271,261		
Total assets.....					243,776	398,926		
Total debt (including current portion and deferred interest).....					96,498	80,498		
Total stockholders' equity .....					122,930	294,080		

## RISK FACTORS

You should carefully consider the following factors and other information in this prospectus before deciding to invest in shares of class A common stock of Radio One.

**Restrictions Imposed by Our Debt** - The terms of our debt restrict us from engaging in many activities and require us to satisfy various financial tests.

Our bank credit facility and the agreements governing our other outstanding debt contain covenants that restrict, among other things, our ability to incur additional debt, pay cash dividends, purchase our 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 our assets, or merge, consolidate or sell all or substantially all of our assets.

Our bank credit facility also requires us to get our banks' consent before we make acquisitions. This restriction may make it more difficult to pursue our acquisition strategy. Our bank credit facility also requires us to maintain specific financial ratios. Events beyond our control could affect our ability to meet those financial ratios, and we cannot assure you that we will meet them.

All of the loans under our bank credit facility are due on December 31, 2003. A breach of any of the covenants contained in our bank credit facility could allow our lenders to declare all amounts outstanding under the bank credit facility to be immediately due and payable. In addition, our banks could proceed against the collateral granted to them to secure that indebtedness. If the amounts outstanding under the bank credit facility are accelerated, we cannot assure you that our assets will be sufficient to repay in full the money owed to the banks or to our other debt holders.

**Substantial Debt** - Our substantial level of debt could limit our ability to grow and compete.

As of June 30, 1999, we had outstanding total debt of \$96.5 million (including \$16.0 million bearing interest at variable rates) and stockholders' equity of \$122.9 million.

Our substantial level of indebtedness could adversely affect us for various reasons, including limiting our ability to:

- . obtain additional financing for working capital, capital expenditures, acquisitions, debt payments or other corporate purposes;
- . have sufficient funds available for operations, future business opportunities or other purposes;
- . compete with competitors that have less debt than we do; and
- . react to changing market conditions, changes in our industry and economic downturns.

**Additional Borrowings Available**--In addition to our current level of indebtedness, we have the ability to incur substantially more debt. This additional debt could further exacerbate the risks described above.

Although the agreements governing our indebtedness place certain limitations on the incurrence of additional indebtedness by us, under certain circumstances we can incur substantial amounts of additional indebtedness. For example, we may be able to borrow up to \$100.0 million under our bank credit facility. Additionally, the agreements governing our indebtedness would have permitted us to incur up to approximately \$160.0 million of additional debt as of June 30, 1999, after giving effect to the transactions described under "Unaudited Pro Forma Consolidated Information," as if they had occurred on June 30, 1999, unless the transactions had actually occurred prior to that date. If we incur additional debt, the related risks discussed above could intensify. See "Description of Indebtedness" for a more detailed discussion of the terms of certain of our indebtedness.

History of Net Losses - If we have losses in the future, the market price of our common stock and our ability to raise capital could be adversely affected.

We cannot be certain that we will sustain profitability. Failure to sustain profitability may adversely affect the market price of our common stock, which in turn may adversely affect our ability to raise additional equity capital and to incur additional debt.

Since 1994, we have experienced net losses in three out of five years. The primary reasons for these losses are significant charges for depreciation and amortization relating to the acquisition of radio stations and interest charges on our outstanding debt. If we acquire additional stations, these charges will probably increase.

Dependence on Key Personnel - The loss of key personnel could disrupt the management of our business.

Our business depends upon the continued efforts, abilities and expertise of our executive officers and other key employees. We intend to enter into employment agreements with several of our key employees, including Catherine L. Hughes, Alfred C. Liggins, III, and other executive officers. We believe that the unique combination of skills and experience possessed by these individuals would be difficult to replace, and that the loss of any one of them could have a material adverse effect on us. These adverse effects could include the impairment of our ability to execute our acquisition and operating strategies and a decline in our standing in the radio broadcast industry.

Competition - We compete for advertising revenue against radio stations and other media, many of which have greater resources than we do.

Our stations compete for audiences and advertising revenue with other radio stations and with other media such as television, newspapers, direct mail and outdoor advertising. Audience ratings and advertising revenue are subject to change and any adverse change in a market could adversely affect our net broadcast revenue in that market. If a competing station converts to a format similar to that of one of our stations, or if one of our competitors strengthens its operations, our stations could suffer a reduction in ratings and advertising revenue. Other radio companies which are larger and have more resources may also enter markets in which we operate. Although we believe our stations are well positioned to compete, we cannot assure you that our stations will maintain or increase their current ratings or advertising revenue.

Risks of Acquisition Strategy - Our growth depends on successfully executing our acquisition strategy.

We intend to grow by acquiring radio stations primarily in top 40 African-American markets. We cannot assure you that our acquisition strategy will be successful. Our acquisition strategy is subject to a number of risks, including:

- . Our pending acquisitions may not be consummated, and we may not successfully identify and consummate future acquisitions;
- . Acquired stations may not increase our broadcast cash flow or yield other anticipated benefits;
- . Required regulatory approvals may result in unanticipated delays in completing acquisitions;
- . We may have difficulty managing our rapid growth; and
- . We may be required to raise additional financing and our ability to do so is limited by the terms of our debt instruments.

Controlling Stockholders - Two common stockholders have a majority interest in Radio One and have the power to control matters on which Radio One's common stockholders may vote.

Upon completion of this offering, Catherine L. Hughes and her son, Alfred C. Liggins, III, will collectively hold approximately 64% (63% if the underwriters exercise their over-allotment option) of the

outstanding voting power of Radio One's common stock. As a result, Ms. Hughes and Mr. Liggins will control most decisions involving Radio One, including transactions involving a change of control of Radio One, such as a sale or merger. In addition, certain covenants in Radio One's debt instruments require that Ms. Hughes and Mr. Liggins maintain specified ownership and voting interests in Radio One, and prohibit other parties' voting interests from exceeding specified amounts. Ms. Hughes and Mr. Liggins have agreed to vote their shares together in elections to the board of directors.

Technology Changes, New Services and Evolving Standards - We must respond to the rapid changes in technology, services and standards which characterize our industry in order to remain competitive.

The radio broadcasting industry is subject to rapid technological change, evolving industry standards and the emergence of new media technologies. We cannot assure you that we will have the resources to acquire new technologies or to introduce new services that could compete with these new technologies. Several new media technologies are being developed, including the following:

- . Audio programming by cable television systems, direct broadcast satellite systems, Internet content providers and other digital audio broadcast formats;
- . Satellite digital audio radio service, which could result in the introduction of several new satellite radio services with sound quality equivalent to that of compact discs; and
- . In-band on-channel digital radio, which could provide multi-channel, multi-format digital radio services in the same bandwidth currently occupied by traditional AM and FM radio services.

We recently entered into a programming agreement with a satellite digital audio radio service and have also invested in a developer of digital audio broadcast technology. However, we cannot assure you that these arrangements will be successful or enable us to adapt effectively to these new media technologies.

Importance of the Washington, D.C. and Baltimore Markets - A large portion of our net broadcast revenue and broadcast cash flow comes from these markets.

Based upon the stations we owned or managed as of June 30, 1999, our radio stations in Washington, D.C. and Baltimore collectively accounted for 63.5% and 77.1% of our net broadcast revenue and broadcast cash flow, respectively, for the six-month period ended June 30, 1999, adjusted to include results of stations acquired between January 1, 1999 and June 30, 1999. A significant decline in net broadcast revenue or broadcast cash flow from our stations in either of these markets could have a material adverse effect on our financial position and results of operations.

Government Regulation - Our business depends on maintaining our licenses with the FCC. We cannot assure you that we will be able to maintain these licenses.

Radio broadcasters depend upon maintaining radio broadcasting licenses issued by the FCC. These licenses are ordinarily issued for a maximum term of eight years and may be renewed. Our radio broadcasting licenses expire at various times from October 1, 2003 to August 1, 2006. Although we may apply to renew our FCC licenses, interested third parties may challenge our renewal applications. In addition, if Radio One or any of our stockholders, officers, or directors violates the FCC's rules and regulations or the Communications Act of 1934, as amended, or is convicted of a felony, the FCC may commence a proceeding to impose sanctions upon us. Examples of possible sanctions include the imposition of fines; the revocation of our broadcast licenses; or the renewal of one or more of our broadcasting licenses for a term of fewer than eight years. If the FCC were to issue an order denying a license renewal application or revoking a license, we would be required to cease operating the radio station covered by the license only after we had exhausted administrative and judicial review without success.

The radio broadcasting industry is subject to extensive and changing federal regulation. Among other things, the Communications Act and FCC rules and policies limit the number of broadcasting properties that any person or entity may own (directly or by attribution) in any market and require FCC approval for transfers of control and assignments of licenses. The filing of petitions or complaints against Radio One or any FCC licensee from which

we are acquiring a station could result in the FCC delaying the grant of, or refusing to grant or imposing conditions on its consent to the assignment or transfer of control of licenses. The Communications Act and FCC rules also impose limitations on non-U.S. ownership and voting of the capital stock of Radio One.

Antitrust Matters - We may have difficulty obtaining regulatory approval for acquisitions in our existing markets and, potentially, new markets.

An important part of our growth strategy is the acquisition of additional radio stations. After the passage of the Telecommunications Act of 1996, the U.S. Department of Justice has become more aggressive in reviewing proposed acquisitions of radio stations and radio station networks. The Justice Department is particularly aggressive when the proposed buyer already owns one or more radio stations in the market of the station it is seeking to buy. Recently, the Justice Department has challenged a number of radio broadcasting transactions. Some of those challenges ultimately resulted in consent decrees requiring, among other things, divestitures of certain stations. In general, the Justice Department has more closely scrutinized radio broadcasting acquisitions that result in local market shares in excess of 40% of radio advertising revenue. Similarly, the FCC has adopted procedures to review proposed radio broadcasting transactions even if the proposed acquisition otherwise complies with the FCC's ownership limitations. In particular, the FCC may invite public comment on proposed radio transactions that the FCC believes, based on its initial analysis, may present ownership concentration concerns in a particular local radio market.

Shares of Common Stock Eligible for Future Sale - Future sales by holders of restricted stock could depress the market price of the class A common stock.

Upon completion of this offering, we will have 16,034,397 shares of class A common stock, 2,873,083 shares of class B common stock and 3,195,063 shares of class C common stock issues and outstanding, assuming no exercise of the underwriters' over-allotment option. Of these shares, the 4,000,000 shares of class A common stock being sold in this offering (plus any shares issued upon exercise of the underwriters' over-allotment option), the 7,150,000 shares of class A common stock sold in our initial public offering in May 1999 and approximately 2,293,000 shares of unrestricted class A common stock will be freely transferable without restriction in the public market, except to the extent these shares have been acquired by our affiliates, whose sale of such shares is restricted by Rule 144 under the Securities Act. The remaining shares of our common stock are "restricted" securities under Rule 144 which, among other things, limits the number of such shares available for sale in the public market. However, many of the restrictions of Rule 144 do not apply to persons who are not our affiliates.

The market price of our class A common stock could decline as a result of future sales of substantial amounts of class A common stock, or the perception that such sales could occur. Furthermore, certain of our existing stockholders have the right to require us to register their shares, which may facilitate their sale of shares in the public market.

Year 2000 - Computer programs and microprocessors that have date sensitive software may recognize a date using "00" as year 1900 rather than 2000, or not recognize the date at all, which could result in major system failures or miscalculations.

We rely, directly and indirectly, on information technology systems to operate our radio stations, provide our radio stations with up-to-date news and perform a variety of administrative services, including accounting, financial reporting, advertiser spot scheduling, payroll and invoicing. We also use non-information technology systems, such as microchips, for dating and other automated functions. We are in the process of assessing and remediating potential risks to our business related to the Year 2000 problem. Although we believe that, as a result of these efforts, our critical systems are or will be substantially Year 2000 ready, we cannot assure you that this will be the case. One of our greatest potential Year 2000 risks may be that third parties with whom we deal will fail to be Year 2000 ready. For example, if our programming suppliers or key advertisers experience significant disruptions in their businesses because of the Year 2000 problem, we may lose access to programming and significant advertising revenue.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are not historical facts, but rather are based on our current expectations, estimates and projections about Radio One's industry, our beliefs and assumptions. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates" and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. These risks and uncertainties are described in "Risk Factors" and elsewhere in this prospectus. We caution you not to place undue reliance on these forward-looking statements, which reflect our management's view only as of the date of this prospectus. We are not obligated to update these statements or publicly release the result of any revisions to them to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events.



## USE OF PROCEEDS

The net proceeds from this offering to Radio One, after deducting underwriting discounts and commissions and estimated offering expenses, based on the public offering price of \$     per share, are estimated to be approximately \$     million (\$     million if the underwriters' over-allotment option is exercised in full).

We expect to use approximately \$69.0 million of the net proceeds from this offering to fund the currently pending acquisition of radio stations in Richmond and to repay amounts borrowed under our bank credit facility.

We expect to use a substantial portion of the remaining net proceeds of this offering to acquire radio broadcasting assets and businesses. Depending on the nature of any such acquisitions, we could apply all, or substantially all, of the net proceeds of this offering to such acquisitions. As part of our ongoing business development activities, we expect that we will continue to consider acquisition opportunities. In this regard, we are currently evaluating certain acquisition opportunities. We cannot assure, however, that we will identify suitable acquisition candidates or that we will consummate any acquisition. We may also use remaining net proceeds for continued business development activities and general corporate purposes.

The actual amount of net proceeds we spend on a particular use will depend on many factors, including our future revenue growth, additional financing sources, if any, and the amount of cash generated by our operations. Many of these factors are beyond our control. We reserve the right to allocate proceeds to different uses if, in management's view, the needs of the business so require. Until we use the net proceeds of this offering as described above, we intend to invest the net proceeds in short-term investment-grade marketable securities.

Radio One will not receive any proceeds from class A common stock sold by the selling stockholders.

## DIVIDEND POLICY

Since becoming a public company in May 1999, we have not declared any dividends on our common stock. We intend to retain future earnings for use in our business and do not anticipate declaring or paying any cash or stock dividends on shares of our common stock in the foreseeable future. In addition, any determination to declare and pay dividends will be made by our board of directors in light of our earnings, financial position, capital requirements, the bank credit facility, and the 12% notes indenture, and such other factors as the board of directors deems relevant. See "Description of Indebtedness."

PRICE RANGE OF OUR CLASS A COMMON STOCK

Our class A common stock is traded on The Nasdaq Stock Market's National Market under the symbol "ROIA." The table below shows, for the quarters indicated, the reported high and low bid quotes for our class A common stock on the Nasdaq Stock Market's National Market.

	High	Low
	-----	-----
Fiscal Year 1999		
Second Quarter (beginning May 6).....	\$47.00	\$28.00
Third Quarter.....	46.50	39.63
Fourth Quarter (through October 21).....	50.13	41.50

The initial public offering of our class A common stock was priced on May 5, 1999 at a price of \$24.00 per share. The last reported sale price for our class A common stock on The Nasdaq Stock Market's National Market on , 1999, was \$ .

CAPITALIZATION

The table below sets forth our capitalization as of June 30, 1999, on an actual basis and on a pro forma basis giving effect to the transactions identified below.

- . The acquisitions of:
  - Radio One of Atlanta, Inc. ("ROA");
  - Dogwood Communications, Inc. ("Dogwood") by ROA;
  - WENZ-FM and WERE-AM in Cleveland;
  - the assets of WFUN-FM in St. Louis;
  - WDYL-FM in Richmond ("Richmond I");
  - WKJS-FM and WARV-FM in Richmond ("Richmond II");
  - the assets of WBOT-FM in Boston; and
  - WJRV-FM, WCDX-FM, WPLZ-FM and WGCV-AM in Richmond ("Richmond III").
- . the repayment of debt; and
- . this offering.

The information in this table should be read in conjunction with "Use of Proceeds," "Unaudited Pro Forma Consolidated Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements included elsewhere in this prospectus.

	As of June 30, 1999	
	----- Actual	Pro Forma -----
	(unaudited) (in thousands except share data)	
Cash and cash equivalents.....	\$ 5,018	\$ 85,968
	=====	=====
Long-term debt (including current portion):		
Bank credit facility.....	\$ 16,000	\$ --
12% senior subordinated notes due May 15, 2004.....	80,436	80,436
Other long-term debt.....	62	62
	-----	-----
Total debt.....	96,498	80,498
	-----	-----
Stockholders' equity (deficit):		
Class A common stock, \$0.001 par value, 30,000,000 shares authorized, 12,034,397 shares and 16,034,397 shares issued and outstanding, respectively.....	12	16
Class B common stock, \$0.001 par value, 30,000,000 shares authorized, 2,873,083 shares issued and outstanding.....	3	3
Class C common stock, \$0.001 par value, 30,000,000 shares authorized, 3,195,063 shares issued and outstanding.....	3	3
Additional paid-in capital.....	152,933	324,079
Accumulated deficit.....	(30,021)	(30,021)
	-----	-----
Total stockholders' equity .....	122,930	294,080
	-----	-----
Total capitalization.....	\$219,428	\$374,578
	=====	=====

RECENT AND PENDING TRANSACTIONS

We have acquired or agreed to acquire 13 radio stations since January 1, 1999. These acquisitions diversify our net broadcast revenue, broadcast cash flow and asset bases and increase the number of top 20 African-American markets in which we operate from five to nine.

The table below sets forth information regarding each of the recently completed or pending acquisitions as of October 25, 1999.

	No. of Stations	Call Letters	Approximate Purchase Price (in millions)	Date Completed
	-----	-----	-----	-----
Completed Transactions				
Atlanta (ROA and Dogwood).....	2	WHTA-FM WAMJ-FM	(/1/)	3/99
Cleveland.....	2	WENZ-FM WERE-AM	\$20.0	4/99
St. Louis.....	1	WFUN-FM	13.6	6/99
Richmond I.....	1	WDYL-FM	4.6	7/99
Richmond II.....	2	WKJS-FM WARV-FM	12.0	7/99
Boston.....	1	WBOT-FM	10.0	10/99
Subtotal.....	9		60.2(/2/)	
Pending Transaction				
Richmond III.....	4	WJRV-FM WCDX-FM WPLZ-FM WGCV-AM	34.0	--
Total.....	13		\$94.2(/2/)	
	===		=====	

(/1/) Radio One issued approximately 3.3 million shares of our common stock and assumed approximately \$16.3 million of debt in this transaction.  
 (/2/) Excludes ROA and Dogwood.

Completed Transactions

Atlanta--Radio One of Atlanta and Dogwood Communications Acquisitions

On March 30, 1999, Radio One acquired ROA, an affiliate of Radio One, for approximately 3.3 million shares of Radio One common stock. Radio One also assumed and retired approximately \$16.3 million of indebtedness of ROA and Dogwood. At the time, ROA owned approximately 33% of Dogwood. On March 30, 1999, ROA acquired the remaining approximate 67% of Dogwood for \$3.6 million. Founded in 1995, ROA owns and operates WHTA-FM. Dogwood owns WAMJ-FM which, prior to ROA's acquisition of 100% of Dogwood, ROA operated under a local marketing agreement ("LMA"). Upon the completion of these acquisitions, ROA became a wholly owned subsidiary of Radio One, and Dogwood became a wholly owned subsidiary of ROA. See "Certain Relationships and Related Transactions."

Cleveland--WENZ-FM and WERE-AM Acquisition

On April 30, 1999, Radio One acquired WENZ-FM and WERE-AM, both of which are licensed to Cleveland, Ohio, for approximately \$20.0 million in cash.

#### St. Louis--WFUN-FM Acquisition

On June 4, 1999, Radio One acquired the assets of WFUN-FM, licensed to Bethalto, Illinois, for approximately \$13.6 million in cash. We are in the process of moving WFUN-FM to a broadcast tower site closer to downtown St. Louis and upgrading its signal from 6 kW to 25 kW, and we expect to reformat the station.

#### Richmond I and II--WDYL-FM Acquisition and WKJS-FM and WARV-FM Acquisition

On July 1, 1999, Radio One acquired WKJS-FM, licensed to Crewe, Virginia, and WARV-FM, licensed to Petersburg, Virginia, for approximately \$12.0 million in cash, subject to purchase price adjustments.

On July 15, 1999, Radio One acquired WDYL-FM, licensed to Chester, Virginia, for approximately \$4.6 million in cash.

#### Boston--WBOT-FM Acquisition

On October 1, 1999, Radio One acquired the assets of WBOT-FM, licensed to Brockton, Massachusetts, for approximately \$10.0 million in cash. WBOT-FM is temporarily off the air while we change its format from Country to Urban.

#### Pending Transaction

#### Richmond III--WJRV-FM, WCDX-FM, WPLZ-FM and WGCV-AM Acquisitions

Pursuant to an asset purchase agreement dated May 6, 1999, Radio One has agreed to acquire WCDX-FM, licensed to Mechanicsville, Virginia; WPLZ-FM, licensed to Petersburg, Virginia; WJRV-FM, licensed to Richmond, Virginia; and WGCV-AM, licensed to Petersburg, Virginia, for approximately \$34.0 million in cash. We have been operating WCDX-FM, WPLZ-FM and WJRV-FM under a time brokerage agreement since June 1, 1999, and we expect to complete the acquisition no later than the second half of 2000.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma consolidated financial statements for the year ended December 31, 1998, and the six months ended June 30, 1999 (the "Pro Forma Consolidated Financial Statements"), are based on the historical Consolidated Financial Statements of Radio One included elsewhere in this prospectus.

The pro forma amounts for the year ended December 31, 1998 and the six months ended June 30, 1999, are adjusted to give effect to the following transactions as if they had occurred as of January 1, 1998:

- the acquisitions of:
  - . Bell Broadcasting;
  - . Allur-Detroit;
  - . ROA;
  - . Dogwood by ROA;
  - . WENZ-FM and WERE-AM in Cleveland
  - . the assets of WFUN-FM in St. Louis (pro forma balance sheet only);
  - . WDYL-FM in Richmond;
  - . WKJS-FM and WARV-FM in Richmond; and
  - . the assets of WBOT-FM in Boston (pro forma balance sheet only);
- the pending acquisition of WJRV-FM, WCDX-FM, WPLZ-FM and WGCV-AM in Richmond;
- the repayment of debt;
- our initial public offering of class A common stock on May 5, 1999; and
- this offering.

The pro forma balance sheet data are adjusted to give effect to the transactions described above as if they had occurred as of June 30, 1999 unless the transaction had actually occurred prior to that date.

These transactions are described in the accompanying notes to the Pro Forma Consolidated Financial Statements. The pro forma data are based upon available information and certain assumptions that management believes are reasonable. The Pro Forma Consolidated Financial Statements do not purport to represent what Radio One's results of operations or financial condition would actually have been had these transactions occurred on the dates indicated or to project Radio One's results of operations or financial condition for any future period or date. The Pro Forma Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements of Radio One and the historical consolidated financial statements of ROA, Bell Broadcasting, Allur-Detroit, Richmond II and Richmond III included elsewhere in this prospectus, and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The pending acquisition of the operations of the four stations in Richmond will be accounted for using the purchase method of accounting. After an acquisition, the total consideration of such acquisition will be allocated to the tangible and intangible assets acquired and liabilities assumed, if any, based upon their respective estimated fair values. The allocation of the aggregate total consideration included in the Pro Forma Consolidated Financial Statements is preliminary as we believe further refinement is impractical at this time. However, we do not expect that the final allocation of the total consideration will materially differ from the preliminary allocations.

Unaudited Pro Forma Consolidated Statement of Operations and Other Data

Year Ended December 31, 1998

(in thousands)

	Historical(a)	Completed Transactions Adjustments(b)	Pro Forma for Completed Transactions	Pending Transaction Adjustments(c)	Pro Forma for Completed and Pending Transactions	Offering Adjustments	Pro Forma as Adjusted
Statement of Operations:							
Net broadcast revenue...	\$46,109	\$19,476	\$65,585	\$7,458	\$73,043	\$ --	\$73,043
Station operating expenses.....	24,501	12,966	37,467	4,668	42,135	--	42,135
Corporate expenses.....	2,800	--	2,800	--	2,800	--	2,800
Depreciation and amortization.....	8,445	9,753	18,198	2,712	20,910	--	20,910
Operating income.....	10,363	(3,243)	7,120	78	7,198		7,198
Interest expense.....	11,455	--	11,455	--	11,455	(1,827)(d)	9,628
Other income (expense), net.....	358	93	451	--	451		451
Income tax benefit (expense).....	1,575	(370)	1,205	(31)	1,174	(674)(e)	500
Net income (loss).....	\$ 841	\$(3,520)	\$(2,679)	\$ 47	\$(2,632)	\$1,653	\$(1,479)
Net loss applicable to common stockholders....	\$(2,875)		\$(2,679)		\$(2,632)		\$(1,479)
Earnings per common share:							
Basic and diluted.....	\$ (.31)						\$ (.07)
Weighted average common shares outstanding:							
Basic and diluted.....	9,392						22,102
Other Data:							
Broadcast cash flow(f) ..	\$21,608						\$30,908
Broadcast cash flow margin(g).....	46.9%						42.3%
EBITDA (before non-cash compensation expense)(f).....	\$18,808						\$28,402
After-tax cash flow(f) ..	7,248						18,262
Cash interest expense(h).....	7,192						5,986
Capital expenditures....	2,236						4,534
Ratio of total debt to EBITDA (before non-cash compensation expense).....							2.8x
Ratio of EBITDA (before non-cash compensation expense) to interest expense.....							2.9x
Ratio of EBITDA (before non-cash compensation expense) to cash interest expense.....							4.7x

Footnotes for the Unaudited Pro Forma Consolidated Statement of Operations and Other Data for the Year Ended December 31, 1998

- (a) See the consolidated financial statements included elsewhere in this prospectus.
- (b) The table below gives effect to the acquisitions completed during the period from January 1, 1998 through October 25, 1999 as if they had occurred on January 1, 1998:

	Bell Broadcasting Historical(/1/)	Allur-Detroit Historical(/2/)	ROA Historical(/3/)	Cleveland Historical(/4/)	Richmond I Historical(/4/)	Richmond II Historical(/5/)
(in thousands)						
Statement of Operations:						
Net broadcast revenue.....	\$2,025	\$ 2,854	\$10,140	\$3,295	\$400	\$1,062
Station operating expenses.....	1,423	3,239	5,529	1,979	368	1,002
Corporate expenses.....	663	336	667	--	14	15
Depreciation and amortization.....	63	194	896	811	4	416
Operating income (loss).....	(124)	(915)	3,048	505	14	(371)
Interest expense..	52	383	2,007	600	--	500
Other income (expense), net...	(28)	(50)	7	101	--	21
Income tax benefit (expense).....	(14)	--	(499)	(2)	(6)	--
Net income (loss).....	\$ (218)	\$ (1,348)	\$ 549	\$ 4	\$ 8	\$ (850)

	Pro Forma Adjustments(/6/)	Total
Statement of Operations:		
Net broadcast revenue.....	\$ (300)(/7/)	\$19,476
Station operating expenses.....	(574)(/8/)	12,966
Corporate expenses.....	(1,695)(/9/)	--
Depreciation and amortization.....	7,369 (/10/)	9,753
Operating income (loss).....	(5,400)	(3,243)
Interest expense..	(3,542)(/11/)	--
Other income (expense), net...	42 (/12/)	93
Income tax benefit (expense).....	151 (/13/)	(370)
Net income (loss).....	\$ (1,665)	\$ (3,520)

- (/1/) See the unaudited financial statements of Bell Broadcasting for the six months ended June 30, 1998, included elsewhere in this prospectus, which is the period during 1998 that Bell Broadcasting was not owned by Radio One.
- (/2/) Derived from the unaudited financial statements of Allur-Detroit for the period from January 1, 1998 to December 28, 1998, which is the period during 1998 that the entity was not owned by Radio One.
- (/3/) See the consolidated financial statements of ROA included elsewhere in the prospectus.
- (/4/) The column represents the historical results of operations of the stations to be acquired for the year ended December 31, 1998. As these stations to be acquired did not prepare stand-alone financial statements, these financial statements were carved out from a larger entity and include the direct revenue and expenses charged to the stations and an allocation of those expenses which benefited the stations but were not directly charged to the stations. As these results of operations include allocated expenses, these financial statements do not represent what the results from operations would have been if the stations operated on a stand-alone basis or what they would have been if they were owned by Radio One.
- (/5/) The column represents the historical results of operations for the year ended December 31, 1998 that were obtained from carveout audited



financial statements. See the financial statements included elsewhere in this prospectus.

- (/6/) Historical financial statements and pro forma adjustments related to the St. Louis and Boston acquisitions have not been included in this pro forma income statement, because Radio One has determined that these acquisitions are a purchase of assets. Income statement activity would not be relevant, because Radio One has taken the current stations off the air and will reformat them.
- (/7/) To reflect the elimination of the management fee paid by ROA to Radio One for administrative services provided by Radio One.
- (/8/) To record compensation expense of \$105 for a manager and a general manager Radio One will need to hire to manage the Detroit market, eliminate bonuses of \$115 paid by Allur-Detroit to employees because of the sale, and eliminate the salary, bonus and benefits of \$564 paid to the previous Allur-Detroit general manager who was not retained by Radio One.
- (/9/) To eliminate corporate expenses which Radio One does not expect to incur going forward which consist primarily of compensation of \$617 to officers and former owners of Bell Broadcasting who were not retained by Radio One, the management fee of \$300 paid by ROA to Radio One, charitable contributions and management fees of \$336 paid by the former owners of Allur-Detroit that would not have been distributed if the station had been owned by Radio One and other corporate management fees.
- (/10/) To record the additional depreciation and amortization expense that would have been recognized if the Bell Broadcasting, Allur-Detroit, 20% of Dogwood, ROA Cleveland, Richmond I and Richmond II acquisitions had occurred as of January 1, 1998.
- (/11/) To eliminate interest expense of the acquisitions assuming Radio One would use proceeds from this offering and the May 5, 1999 offering to fund the acquisitions and retire certain outstanding debt.
- (/12/) To eliminate tax penalties incurred by Bell Broadcasting that are not expected to be incurred by Radio One on a going-forward basis.
- (/13/) To record additional tax benefit related to additional loss as a result of the acquisitions.

(c) The table below gives effect to the acquisition pending as of October 25, 1999:

	Richmond III Historical(/1/)	Pro Forma Adjustments	Total
	----- (in thousands) -----		-----
Statement of Operations:			
Net broadcast revenue.....	\$7,458	\$ --	\$7,458
Station operating expenses.....	4,668	--	4,668
Corporate expenses.....	413	(413)(/2/)	--
Depreciation and amortization.....	648	2,064 (/3/)	2,712
	-----	-----	-----
Operating income .....	1,729	(1,651)	78
Income tax expense.....	--	31 (/4/)	31
	-----	-----	-----
Net income .....	\$1,729	\$(1,682)	\$ 47
	=====	=====	=====

- 
- (/1/) The column represents the historical results of operations for the year ended December 31, 1998, that were carved out audited financial statements. See the financial statements included elsewhere in this prospectus.
- (/2/) To eliminate corporate management fees which would not be incurred by Radio One.
- (/3/) To record additional amortization of \$2,064 for intangibles related to the excess purchase price of \$32,767 over 15 years, less the amortization previously recorded by the acquired company.
- (/4/) To record additional tax provision related to additional income as a result of the acquisition.
- (d) To record the decrease in interest expense assuming Radio One uses the proceeds of this offering and the May 5, 1999 offering to retire certain outstanding debt.
- (e) To reflect the tax effect for pro forma income.
- (f) Broadcast cash flow consists of operating income before depreciation, amortization, local marketing agreement fees and corporate expenses. EBITDA (before non-cash compensation expense) consists of operating income before depreciation, amortization, non-cash compensation expense and local marketing agreement fees. After-tax cash flow consists of income before income tax benefit (expense) and extraordinary items, minus net gain on sale of assets (net of tax) and the current income tax provision, plus depreciation and amortization expense and non-cash compensation expense. Although broadcast cash flow, EBITDA (before non-cash compensation expense), and after-tax cash flow are not measures of performance or liquidity calculated in accordance with GAAP, we believe that these measures are useful to an investor in evaluating Radio One because these measures are widely used in the broadcast industry as a measure of a radio broadcasting company's performance. Nevertheless, broadcast cash flow, EBITDA (before non-cash compensation expense) and after-tax cash flow should not be considered in isolation from or as a substitute for net income, cash flows from operating activities and other income or cash flow statement data prepared in accordance with GAAP, or as a measure of profitability or liquidity. Moreover, because broadcast cash flow, EBITDA (before non-cash compensation expense) and after-tax cash flow are not measures calculated in accordance with GAAP, these performance measures are not necessarily comparable to similarly titled measures employed by other companies.
- (g) Broadcast cash flow margin is defined as broadcast cash flow divided by net broadcast revenue.
- (h) Cash interest expense is calculated as interest expense less non-cash interest, including the accretion of principal, the amortization of discounts on debt and the amortization of deferred financing costs, for the indicated period.

Unaudited Pro Forma Consolidated Statement of Operations and Other Data

Six Months Ended June 30, 1999

	Historical(a)	Completed Transactions Adjustments(b)	Pro Forma for Completed Transactions	Pending Transaction Adjustments(c)	Pro Forma for Completed and Pending Transactions	Offerings Adjustments	Pro Forma as Adjusted
(in thousands)							
Statement of Operations:							
Net broadcast revenue...	\$32,854	\$4,967	\$37,821	\$2,564	\$40,385	--	\$40,385
Station operating expenses.....	19,083	2,742	21,825	595	22,420	--	22,420
Corporate expenses.....	2,153	21	2,174	--	2,174	--	2,174
Depreciation and amortization.....	7,475	1,561	9,036	1,173	10,209	--	10,209
Operating income.....	4,143	643	4,786	796	5,582		5,582
Interest expense.....	7,489	--	7,489	(233)	7,256	(2,285)(d)	4,971
Other income, net.....	141	8	149	--	149		149
Income tax expense.....	476	500	976	224	1,200	--	1,200
Net income (loss).....	<u>\$(3,681)</u>	<u>\$ 151</u>	<u>\$(3,530)</u>	<u>\$ 805</u>	<u>\$(2,725)</u>	<u>\$2,285</u>	<u>\$ (440)</u>
Net loss applicable to common stockholders....	<u>\$(5,157)</u>		<u>\$(5,006)</u>		<u>\$(2,725)</u>		<u>\$ (440)</u>
Earnings per common share:							
Basic and diluted.....	\$ (0.40)						\$ (0.02)
Weighted average common shares outstanding:							
Basic and diluted.....	12,739						22,102
Other Data:							
Broadcast cash flow(e).....	\$13,771						\$17,965
Broadcast cash flow margin(f).....	41.9%						44.5%
EBITDA (before non-cash compensation expense)(e).....	\$11,843						\$16,016
After-tax cash flow(e).....	3,794						9,994
Cash interest expense(g).....	5,207						2,993
Capital expenditures...	2,119						3,414
Ratio of EBITDA (before non-cash compensation expense) to interest expense.....							3.2x
Ratio of EBITDA (before non-cash compensation expense) to cash interest expense.....							5.4x

Footnotes for the Unaudited Pro Forma Consolidated Statement of Operations and Other Data for the Six Months Ended June 30, 1999

- (a) See the consolidated financial statements included elsewhere in this prospectus.
- (b) The table below gives effect to the acquisitions completed during the period from January 1, 1999 through October 25, 1999 as if they had occurred on January 1, 1998:

	ROA Historical(/1/)	Cleveland Historical(/2/)	Richmond I Historical(/2/)	Richmond II Historical(/3/)	Pro Forma Adjustments(/4/)	Total
(in thousands)						
Statement of Operations:						
Net broadcast revenue...	\$2,447	\$977	\$198	\$1,420	\$ (75)(/5/)	\$4,967
Station operating expenses.....	1,388	513	182	659	--	2,742
Corporate expenses.....	96	--	6	8	(89)(/6/)	21
Depreciation and amortization.....	202	137	8	182	1,032 (/7/)	1,561
Operating income (loss).....	761	327	2	571	(1,018)	643
Interest expense, including extraordinary item.....	491	--	--	231	(722)(/8/)	--
Other income, net.....	--	--	--	8	--	8
Income tax expense.....	100	--	6	--	394 (/9/)	500
Net income (loss).....	\$ 170	\$327	\$ (4)	\$ 348	\$ (690)	\$ 151
	=====	=====	=====	=====	=====	=====

- (/1/) See the consolidated financial statements of ROA included elsewhere in the prospectus.
- (/2/) The column represents the historical results of operations of the stations to be acquired for the six months ended June 30, 1999. As these stations to be acquired did not prepare stand-alone financial statements, these financial statements were carved out from a larger entity and include the direct revenue and expenses charged to the stations and an allocation of those expenses which benefited the stations but were not directly charged to the stations. As these results of operations include allocated expenses, these financial statements do not represent what the results from operations would have been if the stations operated on a stand-alone basis or what they would have been if they were owned by Radio One.
- (/3/) The column represents the historical results of operations for the six months ended June 30, 1999 that were obtained from carveout unaudited financial statements. See the financial statements included elsewhere in this prospectus.
- (/4/) Historical financial statements and pro forma adjustments related to the St. Louis and Boston acquisitions have not been included in this pro forma income statement, because Radio One has determined that these acquisitions are purchases of assets. Income statement activity would not be relevant, because Radio One has taken the current stations off the air, and will reformat the stations.
- (/5/) To reflect the elimination of the management fee paid by ROA to Radio One for administrative services provided by Radio One.
- (/6/) To eliminate corporate expenses which Radio One does not expect to incur going forward which consist primarily of corporate management fees.
- (/7/) To record the additional depreciation and amortization expense that would have been recognized if the ROA, Cleveland and Richmond I and II acquisitions had occurred.
- (/8/) To eliminate interest expense of the acquisitions assuming Radio One uses the proceeds from this offering and the May 5, 1999 offering to fund the acquisitions and retire certain outstanding debt.
- (/9/) To record additional tax expense related to additional income as a result of the acquisitions.

(c) The table below gives effect to the acquisition pending as of October 25, 1999:

	Richmond III Historical(/1/)	Pro Forma Adjustments	Total
	----- (in thousands) -----		-----
Statement of Operations:			
Net broadcast revenue.....	\$2,564	\$ --	\$2,564
Station operating expenses.....	595	--	595
Corporate expenses.....	206	(206)(/2/)	--
Depreciation and amortization.....	161	1,012 (/3/)	1,173
	-----	-----	-----
Operating income .....	1,602	(806)	796
Interest expense.....	82	(315)(/4/)	(233)
Income tax expense.....	--	224 (/5/)	224
	-----	-----	-----
Net income.....	\$1,520	\$(715)	\$ 805
	=====	=====	=====

(/1/) The column represents the historical results of operations for the period ended May 31, 1999 that were obtained from carveout unaudited financial statements, as Radio entered into an LMA with Richmond III on June 1, 1999.

(/2/) To eliminate corporate management fees which would not be incurred by Radio One.

(/3/) To record additional amortization of \$1,012 for intangibles related to the excess purchase price of \$32,790 over 15 years, less the amortization previously recorded by the acquired company.

(/4/) To eliminate the LMA fee paid by Radio One to Richmond III and to eliminate interest expense of the Richmond III acquisition assuming Radio One uses the proceeds from this offering and the May 5, 1999 offering to fund the acquisition and retire the outstanding debt.

(/5/) To record additional tax expense related to additional income as a result of the acquisition.

(d) To record the decrease in interest expense assuming Radio One uses the proceeds of this offering and the May 5, 1999 offering to retire outstanding debt.

(e) Broadcast cash flow consists of operating income before depreciation, amortization, local marketing agreement fees and corporate expenses. EBITDA (before non-cash compensation expense) consists of operating income before depreciation, amortization, non-cash compensation expense and local marketing agreement fees. After-tax cash flow consists of income before income tax benefit (expense) and extraordinary items, minus net gain on sale of assets (net of tax) and the current income tax provision, plus depreciation and amortization expense and non-cash compensation expense. Although broadcast cash flow, EBITDA (before non-cash compensation expense), and after-tax cash flow are not measures of performance or liquidity calculated in accordance with GAAP, we believe that these measures are useful to an investor in evaluating Radio One because these measures are widely used in the broadcast industry as a measure of a radio broadcasting company's performance. Nevertheless, broadcast cash flow, EBITDA (before non-cash compensation expense) and after-tax cash flow should not be considered in isolation from or as a substitute for net income, cash flows from operating activities and other income or cash flow statement data prepared in accordance with GAAP, or as a measure of profitability or liquidity. Moreover, because broadcast cash flow, EBITDA (before non-cash compensation expense) and after-tax

cash flow are not measures calculated in accordance with GAAP, these performance measures are not necessarily comparable to similarly titled measures employed by other companies.

- (f) Broadcast cash flow margin is defined as broadcast cash flow divided by net broadcast revenue.
- (g) Cash interest expense is calculated as interest expense less non-cash interest, including the accretion of principal, the amortization of discounts on debt and the amortization of deferred financing costs, for the indicated period.

Unaudited Pro Forma Consolidated Balance Sheet

As of June 30, 1999

	Historical (a)	Completed Transactions Adjustments (b)	Pro Forma for Completed Transactions	Pending Transaction Adjustments (c)	Pro Forma for Completed and Pending Transactions	Offering Adjustments	Pro Forma as Adjusted
(in thousands)							
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents.....	\$ 5,018	\$(40,200)	\$(35,182)	\$(34,000)	\$(69,182)	\$155,150(d)	\$ 85,968
Trade accounts receivable, net....	16,879	835	17,714	--	17,714	--	17,714
Prepaid expenses and other.....	766	10	776	18	794	--	794
Deferred taxes.....	826	--	826	--	826	--	826
Total current assets.....	23,489	(39,355)	(15,866)	(33,982)	(49,848)	155,150	105,302
Property and equipment, net.....	15,349	1,065	16,414	1,192	17,606	--	17,606
Intangible assets, net.....	200,181	38,290	238,471	32,790	271,261	--	271,261
Other assets.....	4,757	--	4,757	--	4,757	--	4,757
Total assets.....	\$243,776	\$ --	\$243,776	\$ --	\$243,776	\$155,150	\$398,926
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>							
Current liabilities:							
Accounts payable and accrued expenses.....	\$ 9,405	\$ --	\$ 9,405	\$ --	\$ 9,405	\$ --	\$ 9,405
Total current liabilities.....	9,405	--	9,405	--	9,405	--	9,405
Bank credit facility.....	16,000	--	16,000	--	16,000	(16,000)(e)	--
12% notes due 2004...	80,436	--	80,436	--	80,436	--	80,436
Other long-term debt.....	62	--	62	--	62	--	62
Deferred tax liability.....	14,943	--	14,943	--	14,943	--	14,943
Total liabilities.....	120,846	--	120,846	--	120,846	(16,000)	104,846
Stockholders' equity (deficit):							
Class A common stock.....	12	--	12	--	12	4 (f)	16
Class B common stock.....	3	--	3	--	3	--	3
Class C common stock.....	3	--	3	--	3	--	3
Additional paid in capital.....	152,933	--	152,933	--	152,933	171,146 (f)	324,079
Accumulated deficit.....	(30,021)	--	(30,021)	--	(30,021)	--	(30,021)
Total stockholders' equity.....	122,930	--	122,930	--	122,930	171,150	294,080
Total liabilities and stockholders' equity.....	\$243,776	\$ --	\$243,776	\$ --	\$243,776	\$155,150	\$398,926

Footnotes for the Unaudited Pro Forma Consolidated Balance Sheet as of June 30, 1999

- (a) See the Consolidated Financial Statements included elsewhere in this prospectus.
- (b) The table below gives effect to the acquisitions completed between July 1, 1999 and October 25, 1999 as if they were completed on June 30, 1999.

As of June 30, 1999						
	Richmond I Historical(/1/)	Richmond II Historical(/2/)	St. Louis Historical(/3/)	Boston Historical(/3/)	Acquisitional Adjustments	Total
<b>ASSETS</b>						
<b>Current Assets:</b>						
Cash and cash equivalents.....	\$--	\$ 87	\$--	\$--	\$(40,287)(/4/)	\$(40,200)
Trade accounts receivable, net.....	62	773	--	--	--	835
Prepaid expenses and other.....	--	10	--	--	--	10
<b>Total current assets.....</b>	<b>62</b>	<b>870</b>	<b>--</b>	<b>--</b>	<b>(40,287)</b>	<b>(39,355)</b>
Property and equipment, net.....	24	1,041	--	--	--	1,065
Intangible assets, net..	--	3,282	--	--	35,008 (/5/)	38,290
<b>Total assets.....</b>	<b>\$ 86</b>	<b>\$5,193</b>	<b>\$--</b>	<b>\$--</b>	<b>\$ (5,279)</b>	<b>\$ --</b>
<b>LIABILITIES AND STATION EQUITY</b>						
<b>Current Liabilities:</b>						
Accounts payable and accrued expenses.....	\$--	\$ 102	\$--	\$--	\$ (102)(/6/)	\$ --
Current portion of long-term debt.....	--	16	--	--	(16)(/6/)	--
<b>Total current liabilities.....</b>	<b>--</b>	<b>118</b>	<b>--</b>	<b>--</b>	<b>(118)(/6/)</b>	<b>--</b>
Long-term debt and deferred interest.....	--	5,054	--	--	(5,054)(/6/)	--
<b>Total liabilities...</b>	<b>--</b>	<b>5,172</b>	<b>--</b>	<b>--</b>	<b>(5,172)</b>	<b>--</b>
Station equity .....	86	21	--	--	(107)(/7/)	--
<b>Total liabilities and station equity.....</b>	<b>\$ 86</b>	<b>\$5,193</b>	<b>\$--</b>	<b>\$--</b>	<b>\$ (5,279)</b>	<b>\$ --</b>

- (/1/) The column represents the historical balance sheet of the stations acquired. As the stations acquired did not prepare stand-alone financial statements, these financial statements were carved out from a larger entity and include the assets and liabilities of the stations to be acquired.
- (/2/) See Financial Statements included elsewhere in this prospectus.
- (/3/) Historical financial statements related to the St. Louis and Boston acquisitions have not been included in this pro forma balance sheet because Radio One has determined that these acquisitions are a purchase of the license only.
- (/4/) To reflect the cash paid by Radio One of \$40,200 for the Richmond I and II, St. Louis and Boston acquisitions and to reflect cash not assumed from the acquired companies.
- (/5/) To record intangible assets booked as a result of the acquisitions, calculated as follows:

	Net Tangible		
	Purchase Price	Assets Acquired	Intangibles Acquired
Total.....	\$40,200	\$1,910	\$38,290
Less: Intangibles recorded on historical books...			3,282
Pro forma adjustment.....			\$35,008

- (/6/) To eliminate accounts payable, accrued expenses and debt that will not be assumed by Radio One.
- (/7/) To eliminate the station equity from the entities acquired.



(c) The table below gives effect to the pending acquisition as of October 25, 1999 as if it had occurred on June 30, 1999.

	Richmond III Historical(/1/)	Acquisition Adjustments	Total
	----- (in thousands) -----		-----
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents.....	\$ 36	\$(34,036)(/2/)	\$(34,000)
Trade accounts receivable, net.....	1,247	(1,247)(/3/)	--
Prepaid expenses and other.....	18	--	18
	-----	-----	-----
Total current assets.....	1,301	(35,283)	(33,982)
Property and equipment, net.....	1,192	--	1,192
Intangible assets, net.....	4,257	28,533 (/4/)	32,790
	-----	-----	-----
Total assets.....	\$6,750	\$ (6,750)	\$ --
	=====	=====	=====
<b>LIABILITIES AND STATION EQUITY</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued expenses.....	\$ 300	\$ (300)(/5/)	\$ --
Current portion of long-term debt...	--	--	--
	-----	-----	-----
Total current liabilities.....	300	(300)	--
Station equity .....	6,450	(6,450)(/6/)	--
	-----	-----	-----
Total liabilities and station equity (deficit).....	\$6,750	\$ (6,750)	\$ --
	=====	=====	=====

(/1/) This column represents the historical balance sheet of Richmond III as of June 1, 1999, the date Radio One entered into an LMA with Richmond III. Richmond III had no broadcast operations during the month of June 1999. All broadcast revenues, expenses, and assets, except for the station's FCC licenses, are recorded in the financial statements of Radio One subsequent to June 1, 1999.

(/2/) To reflect the cash paid by Radio One of \$34,000 for the Richmond III acquisition and to reflect cash not assumed from the acquired company.

(/3/) To eliminate the trade accounts receivable not purchased in the Richmond III acquisition.

(/4/) To record intangible assets booked as a result of the acquisition, calculated as follows:

	Purchase Price	Net Tangible Assets Acquired	Intangibles Acquired
	-----	-----	-----
Total.....	\$34,000	\$1,210	\$32,790
Less: Intangibles recorded on historical books.....			4,257
			-----
Pro forma adjustment.....			\$28,533
			=====

(/5/) To eliminate accounts payable and accrued expenses that will not be assumed by Radio One.

(/6/) To eliminate the station equity from the entity acquired.

(d) To reflect the net proceeds of this offering assuming the sale of 4,000,000 shares of class A common stock at a public offering price of \$45.00 per share less underwriting discounts, commissions and offering expenses of \$8,850, and retirement of borrowings under the bank credit facility.

(e) To reflect the retirement of debt with the proceeds from this offering.

(f) To reflect the net proceeds of this offering assuming the sale of 4,000,000 shares of class A common stock at a public offering price of \$45.00 per share, less underwriting discounts, commissions and offering costs of \$8,850 for this offering.

## SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table contains selected historical consolidated financial data with respect to Radio One. The selected historical consolidated financial data have been derived from the Consolidated Financial Statements of Radio One for each of the fiscal years for the five year period ended December 31, 1998, which have been audited by Arthur Andersen LLP, independent public accountants. The selected historical consolidated financial data for the six months ended June 30, 1998, and 1999 have been derived from the unaudited consolidated financial statements included elsewhere in this prospectus. The selected historical consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements of Radio One included elsewhere in this prospectus.

The following table includes information regarding broadcast cash flow, EBITDA, and after-tax cash flow. Broadcast cash flow consists of operating income before depreciation, amortization, local marketing agreement fees and corporate expenses. EBITDA consists of operating income before depreciation, amortization, and local marketing agreement fees. After-tax cash flow consists of income before income tax benefit (expense) and extraordinary items, minus net gain on sale of assets (net of tax) and the current income tax provision, plus depreciation and amortization expense. Although broadcast cash flow, EBITDA, and after-tax cash flow are not measures of performance or liquidity calculated in accordance with GAAP, we believe that these measures are useful to an investor in evaluating Radio One because these measures are widely used in the broadcast industry as a measure of a radio broadcasting company's performance. Nevertheless, broadcast cash flow, EBITDA and after-tax cash flow should not be considered in isolation from or as a substitute for net income, cash flows from operating activities and other income or cash flow statement data prepared in accordance with GAAP, or as a measure of profitability or liquidity. Moreover, because broadcast cash flow, EBITDA and after-tax cash flow are not measures calculated in accordance with GAAP, these performance measures are not necessarily comparable to similarly titled measures employed by other companies.

	Fiscal Year Ended December 31, (/1/)					Six Months Ended June 30, (/1/)	
	Dec. 25, 1994	1995	1996	1997	1998	1998	1999
(in thousands, except per share data)							
Statement of Operations:							
Net broadcast revenue.....	\$15,541	\$ 21,455	\$ 23,702	\$ 32,367	\$ 46,109	\$ 19,528	\$ 32,854
Station operating expenses..	8,506	11,736	13,927	18,848	24,501	10,510	19,083
Corporate expenses.....	1,128	1,995	1,793	2,155	2,800	1,319	2,153
Depreciation and amortization.....	2,027	3,912	4,262	5,828	8,445	3,632	7,475
Operating income.....	3,880	3,812	3,720	5,536	10,363	4,067	4,143
Interest expense(/2/)... ..	2,665	5,289	7,252	8,910	11,455	4,925	7,489
Other income (expense), net.....	38	89	(77)	415	358	286	141
Income tax benefit (expense)(/3/)... ..	(30)	--	--	--	1,575	--	(476)
Income (loss) before extraordinary item.....	1,223	(1,388)	(3,609)	(2,959)	841	(572)	(3,681)
Extraordinary loss.....	--	468	--	1,985	--	--	--
Net income (loss).....	\$ 1,223	\$ (1,856)	\$ (3,609)	\$ (4,944)	\$ 841	\$ (572)	\$ (3,681)
Net income (loss) applicable to common stockholders....	\$ 1,223	\$ (1,856)	\$ (3,609)	\$ (6,981)	\$ (2,875)	\$ (2,344)	\$ (5,157)
Earnings per common share:							
Basic and diluted.....	\$ 0.16	\$ (0.22)	\$ (0.38)	\$ (0.74)	\$ (0.31)	\$ (0.25)	\$ (0.40)
Weighted average common shares outstanding:							
Basic and diluted.....	\$ 7,435	\$ 8,413	\$ 9,392	\$ 9,392	\$ 9,392	\$ 9,392	\$ 12,739
Other Data:							
Broadcast cash flow.....	\$ 7,035	\$ 9,719	\$ 9,775	\$ 13,519	\$ 21,608	\$ 9,018	\$ 13,771
Broadcast cash flow margin(/4/)... ..	45.3%	45.3%	41.2%	41.8%	46.9%	46.2%	41.9%
EBITDA (before non-cash compensation).....	5,907	7,724	7,982	11,364	18,808	7,699	11,843
After-tax cash flow.....	2,763	2,524	806	2,869	7,248	3,060	3,794
Cash interest expense(/5/)..	2,356	5,103	4,815	4,413	7,192	3,104	5,207
Accreted preferred stock dividends.....	--	--	--	2,037	3,716	1,772	1,476
Capital expenditures.....	639	224	252	2,035	2,236	1,103	2,119
Balance Sheet Data (at period end):							
Cash and cash equivalents...	\$ 1,417	\$ 2,703	\$ 1,708	\$ 8,500	\$ 4,455	\$ 3,431	\$ 5,018
Intangible assets, net.....	11,705	43,455	39,358	54,942	127,639	89,236	200,181
Total assets.....	20,566	55,894	51,777	79,225	153,856	110,876	243,776
Total debt (including current portion and deferred interest)....	23,049	64,585	64,939	74,954	131,739	105,821	96,498
Preferred stock.....	--	--	--	22,968	26,684	24,741	--
Total stockholders' (deficit) equity.....	(4,367)	(11,394)	(15,003)	(21,984)	(24,859)	(24,328)	\$122,930

- (/1/) Year-to-year comparisons are significantly affected by Radio One's acquisition of various radio stations during the periods covered. See "Management's Discussion and Analysis of Financial Condition and Results of Operations." Prior to the fiscal year ended December 31, 1996, Radio One's accounting reporting period was based on a fifty-two/fifty-three week period ending on the last Sunday of the calendar year. During 1996, we changed our fiscal year end to December 31.
- (/2/) Interest expense includes non-cash interest, such as the accretion of principal, the amortization of discounts on debt and the amortization of deferred financing costs.
- (/3/) From January 1, 1996 to May 19, 1997, Radio One elected to be treated as an S corporation for U.S. federal and state income tax purposes and, therefore, generally was not subject to income tax at the corporate level during that period.
- (/4/) Broadcast cash flow margin is defined as broadcast cash flow divided by net broadcast revenue.
- (/5/) Cash interest expense is calculated as interest expense less non-cash interest, including the accretion of principal, the amortization of discounts on debt and the amortization of deferred financing costs, for the indicated period.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following information should be read in conjunction with "Selected Historical Consolidated Financial Data" and the Financial Statements and the notes thereto included elsewhere in this prospectus.

#### Introduction

The net broadcast revenue of Radio One is derived from local and national advertisers and, to a much lesser extent, ticket and other revenue related to special events sponsored by Radio One throughout the year. Our significant broadcast expenses are employee salaries and commissions, programming expenses, advertising and promotion expenses, rental of premises for studios and rental of transmission tower space and music license royalty fees. We strive to control these expenses by centralizing certain functions such as finance, accounting, legal, human resources and management information systems and the overall programming management function, as well as using our multiple stations, market presence and purchasing power to negotiate favorable rates with certain vendors and national representative selling agencies. Depreciation and amortization of costs associated with the acquisition of the stations and interest carrying charges are significant factors in determining Radio One's overall profitability.

Radio One's net broadcast 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. Advertising rates are based primarily on (1) a radio station's audience share in the demographic groups targeted by advertisers, as measured principally by quarterly reports developed by Arbitron, (2) the number of radio stations in the market competing for the same demographic groups, and (3) the supply of and demand for radio advertising time. Advertising rates are generally highest during morning and afternoon commuting hours. In 1998, approximately 67.4% of Radio One's revenue was generated from local advertising and 30.3% was generated from national spot advertising. The balance of 1998 revenue was generated primarily from network advertising, tower rental income and ticket and other revenue related to Radio One sponsored events.

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 and broadcast cash flow, although broadcast cash flow is not a measure utilized under GAAP. Broadcast cash flow should not be considered in isolation from, nor as a substitute for, operating income, net income, cash flow, or other consolidated income or cash flow statement data computed in accordance with GAAP, nor as a measure of Radio One's profitability or liquidity. Despite its limitations, broadcast cash flow is widely used in the broadcasting industry as a measure of a company's operating performance because it provides a meaningful measure of comparative radio station performance, without regard to items such as depreciation and amortization, which can vary depending upon accounting methods and the book value of assets, particularly in the case of acquisitions, and corporate expenses.

Radio One's operating results in any period may be affected by advertising and promotion expenses that do not produce commensurate net broadcast revenue in the period in which such expenses are incurred. We generally incur advertising and promotion expenses in order to increase listenership and Arbitron ratings. Increased advertising revenue may wholly or partially lag behind the incurrence of such advertising and promotion expenses because Arbitron only reports complete ratings information on a quarterly basis.

In the broadcasting industry, radio stations often utilize trade or barter agreements to reduce expenses by exchanging advertising time for goods or services. In order to maximize cash revenue from our spot inventory, we minimize the use of trade agreements and have reduced trade revenue to approximately 1.2% of our gross revenue in 1998, down from approximately 4.2% in 1996.

Radio One calculates same station growth over a particular period by comparing performance of stations owned or operated under an LMA during the current period with the performance of the same stations for the

corresponding period in the prior year. However, no station will be included in such a comparison unless it has been owned or operated under an LMA for at least one month of every quarter included in each of the current and corresponding prior-year periods.

From January 1, 1996, through June 30, 1999, Radio One acquired 11 radio stations. On May 19, 1997, Radio One acquired WPHI-FM, in Philadelphia, for approximately \$20.0 million, after having operated the station under an LMA since February 8, 1997. On March 16, 1998, Radio One, through an Unrestricted Subsidiary, acquired BHI, owner and operator of WYCB-AM, in Washington, D.C., for approximately \$3.8 million. On June 30, 1998, Radio One acquired Bell Broadcasting, owner and operator of WDTJ-FM and WCHB-AM in Detroit, and WJZZ-AM in Kingsley, Michigan, for approximately \$34.2 million. On December 28, 1998, Radio One acquired Allur-Detroit, owner and operator of WDMK-FM, in Detroit, for approximately \$26.5 million. On March 30, 1999, Radio One acquired its affiliate, ROA, for approximately 3.3 million shares of Radio One common stock, and ROA acquired the 67% of Dogwood it did not own for approximately \$3.6 million. On April 30, 1999, Radio One acquired WENZ-FM and WERE-AM for approximately \$20.0 million. On June 4, 1999, Radio One acquired the assets of WFUN-FM for approximately \$13.6 million.

The consolidated financial statements of Radio One for fiscal years 1996, 1997 and 1998 included elsewhere in this prospectus set forth the results of operations of: WPHI-FM for approximately 11 months of fiscal year 1997, including the LMA period, and for fiscal year 1998; WYCB-AM from March 16, 1998, through the end of fiscal year 1998; Bell Broadcasting from July 1, 1998, through the end of fiscal year 1998; and Allur-Detroit from December 29, 1998, through the end of fiscal year 1998. The consolidated financial statements of Radio One for the six months ended June 30, 1999, included elsewhere in this prospectus set forth the results of operations of: ROA and Dogwood from March 30, 1999, through June 30, 1999; WENZ-FM and WERE-AM from April 30, 1999 through June 30, 1999; and WFUN-FM from June 4, 1999, through June 30, 1999. The discussion below concerning results of operations reflects the operations of radio stations Radio One owned and/or managed during the periods presented. As a result of the acquisition of WPHI-FM in May 1997, WYCB-AM in March 1998, Bell Broadcasting in June 1998, Allur-Detroit in December 1998, ROA and Dogwood in March 1999, WENZ-FM and WERE-AM in April 1999, and WFUN-FM in June 1999, Radio One's historical financial data prior to such times are not directly comparable to Radio One's historical financial data for subsequent periods. Additionally, due to recent acquisition activity, our pro forma results for fiscal year 1998 and the six months ended June 30, 1999, differ materially from our actual results for the same periods. For the year ended December 31, 1998, pro forma for completed transactions, net broadcast revenue and broadcast cash flow were approximately \$65.6 million and \$28.1 million, respectively, compared to actual net broadcast revenue and broadcast cash flow of \$46.1 million and \$21.6 million, respectively. For the six months ended June 30, 1999, pro forma for completed transactions, net broadcast revenue and broadcast cash flow were approximately \$37.8 million and \$16.0 million, respectively, compared to actual net broadcast revenue and broadcast cash flow of \$32.8 million and \$13.7 million, respectively.

## Results of Operations

The following table summarizes Radio One's historical consolidated results of operations.

	Year Ended December 31,			Three Months Ended June 30,		Six Months Ended June 30,	
	1996	1997	1998	1998	1999	1998	1999
(in thousands)							
Statement of Operations:							
Net broadcast revenue...	\$23,702	\$32,367	\$46,109	\$11,505	\$21,037	\$19,528	\$32,854
Station operating expenses.....	13,927	18,848	24,501	5,446	11,467	10,510	19,083
Corporate expenses.....	1,793	2,155	2,800	678	1,070	1,319	1,928
Stock-based compensation.....	--	--	--	--	--	--	225
Depreciation and amortization.....	4,262	5,828	8,445	1,859	4,347	3,632	7,475
Operating income.....	3,720	5,536	10,363	3,522	4,153	4,067	4,143
Interest expense.....	7,252	8,910	11,455	2,547	3,752	4,925	7,489
Other income (expense), net.....	(77)	415	358	156	78	286	141
Income (loss) before benefit for income taxes and extraordinary item.....	(3,609)	(2,959)	(734)	1,131	479	(572)	(3,205)
Income tax benefit (expense).....	--	--	1,575	--	(225)	--	(476)
Income (loss) before extraordinary item....	(3,609)	(2,959)	841	1,131	254	(572)	(3,681)
Extraordinary loss.....	--	1,985	--	--	--	--	--
Net income (loss)....	\$(3,609)	\$(4,944)	\$ 841	\$ 1,131	\$ 254	\$ (572)	\$(3,681)
Broadcast cash flow....	\$ 9,775	\$13,519	\$21,608	\$ 6,059	\$ 9,570	\$ 9,018	\$13,771
Broadcast cash flow margin.....	41.2%	41.8%	46.9%	52.7%	45.5%	46.2%	41.9%
EBITDA.....	\$ 7,982	\$11,364	\$18,808	\$ 5,381	\$ 8,500	\$ 7,699	\$11,843
After-tax cash flow....	806	2,869	7,248	2,990	4,601	3,060	3,794

Three Months and Six Months Ended June 30, 1999, Compared to Three Months and Six Months Ended June 30, 1998

**Net Broadcast Revenue.** Net broadcast revenue increased to approximately \$21.0 million for the quarter ended June 30, 1999 from approximately \$11.5 million for the quarter ended June 30, 1998 or 82.6%. Net broadcast revenue increased to approximately \$32.9 million for the six months ended June 30, 1999 from approximately \$19.5 million for the six months ended June 30, 1998 or 68.7%. This increase in net broadcast revenue was the result of continuing broadcast revenue growth in our Washington, Baltimore and Philadelphia markets as we benefitted from historical ratings increases at certain of our radio stations, improved power ratios at these stations as well as industry growth in each of these markets. Additional revenue gains were derived from our recent acquisitions in Detroit and Cleveland and from the radio stations being operated under a time brokerage agreement in Richmond, as well as the March, 1999 acquisition of our former affiliate, Radio One of Atlanta, Inc.

**Station Operating Expenses.** Station operating expenses excluding depreciation and amortization increased to approximately \$11.5 million for the quarter ended June 30, 1999 from approximately \$5.4 million for the quarter ended June 30, 1998 or 113.0%. Approximately \$2.9 million of the increase was attributable to stations acquired or operated under a time brokerage agreement since June 30, 1998. Station operating expenses excluding depreciation and amortization increased to approximately \$19.1 million for the six months ended June 30, 1999 from approximately \$10.5 million for the six months ended June 30, 1998 or 81.9%. Approximately \$4.3 million of the increase was attributable to stations acquired or operated under a time brokerage agreement since June 30, 1998. On a same station basis, station operating expenses increased 62.8% to approximately \$8.6 million and 70.9% to approximately \$14.8 million for the quarter and six months ended June 30, 1999, respectively. These increases were the result of significant increases in revenue, higher spending on marketing and promotions, additional costs associated with higher ratings and the overall growth of our business.

Corporate Expenses. Corporate expenses excluding stock-based compensation increased to approximately \$1.1 million from approximately \$0.7 million for the quarter ended June 30, 1999 or 57.1%. Corporate expenses excluding stock-based compensation increased to approximately \$1.9 million from approximately \$1.3 million for the six months ended June 30, 1999 or 46.2%. These increases were due primarily to growth in our corporate staff consistent with our overall expansion as well as increases in the compensation of certain executives and other costs associated with operating as a public company.

Depreciation and Amortization. Depreciation and amortization increased to approximately \$4.3 million from approximately \$1.9 million for the quarter ended June 30, 1999 or 126.3%. Depreciation and amortization increased to approximately \$7.5 million from approximately \$3.6 million for the six months ended June 30, 1999 or 108.3%. These increases were due to our asset growth as well as our acquisitions during 1998 and 1999.

Operating Income. Operating income increased to approximately \$4.2 million for the quarter ended June 30, 1999 from approximately \$3.5 million for the quarter ended June 30, 1998. Operating income was flat at approximately \$4.1 million for each of the six month periods ended June 30, 1999 and June 30, 1998. This increase for the quarter and flatness for the six month period were attributable to higher depreciation and amortization expenses associated with our several acquisitions made within the last year offset by higher revenue as described above.

Interest Expense. Interest expense increased to approximately \$3.8 million for the quarter ended June 30, 1999 from approximately \$2.5 million for the quarter ended June 30, 1998 or 52.0%. Interest expense increased to approximately \$7.5 million for the six months ended June 30, 1999 from approximately \$4.9 million for the six months ended June 30, 1998 or 53.1%. These increases relate primarily to interest incurred on borrowings under our bank credit facility to help fund the several acquisitions made by us within the past year.

Other Income. Other income decreased to \$78,000 for the quarter ended June 30, 1999 from \$156,000 for the quarter ended June 30, 1998 or 50.0%. Other income decreased to \$141,000 for the six months ended June 30, 1999 from \$286,000 for the six months ended June 30, 1998 or 50.1%. These decreases were primarily attributable to lower interest income due to lower average cash balances as we partially used our free cash balances to help fund acquisitions made during the quarter as well as to help reduce our outstanding balance on our senior bank credit facility, which stood at \$16.0 million at June 30, 1999 as compared to approximately \$49.4 million at June 30, 1998.

Income (loss) before Benefit from Income Taxes. Income before benefit for income taxes decreased to approximately \$0.5 million for the quarter ended June 30, 1999 from approximately \$1.1 million for the quarter ended June 30, 1998 or 54.5%. Loss before benefit for income taxes increased to approximately \$3.2 million for the six months ended June 30, 1999 from approximately \$0.6 million for the six months ended June 30, 1998 or 433.3%. This decrease in income for the quarter and increase in the loss for the six month period were primarily due to higher interest and depreciation and amortization expenses as described above, partially offset by higher revenue.

Net Income (Loss). Net income decreased to approximately \$0.3 million for the quarter ended June 30, 1999 from approximately \$1.1 million for the quarter ended June 30, 1998 or 72.7%. Net loss increased to approximately \$3.7 million for the six months ended June 30, 1999 from approximately \$0.6 million for the six months ended June 30, 1998 or 516.7%. This decrease in income for the quarter and increase in the loss for the six month period was due to the factors described above as well as a tax provision for each of the second quarter and first six month periods of 1999 associated with an estimate of our effective tax rate for all of 1999. In 1998, we used our remaining net operating losses and did not incur a tax liability during the first six months of 1998.

Broadcast Cash Flow. Broadcast cash flow increased to approximately \$9.6 million for the quarter ended June 30, 1999 from approximately \$6.1 million for the quarter ended June 30, 1998 or 57.4%. Broadcast cash

flow increased to approximately \$13.8 million for the six months ended June 30, 1999 from approximately \$9.0 million for the six months ended June 30, 1998 or 53.3%. These increases were attributable to the increases in broadcast revenue partially offset by higher operating expenses as described above.

EBITDA. EBITDA, excluding stock-based compensation expense, increased to approximately \$8.5 million for the quarter ended June 30, 1999 from approximately \$5.4 million for the quarter ended June 30, 1998 or 57.4%. EBITDA, excluding stock-based compensation expense, increased to approximately \$11.8 million for the six months ended June 30, 1999 from approximately \$7.7 million for the six months ended June 30, 1998 or 53.2%. These increases were attributable to the increase in broadcast revenue partially offset by higher operating expenses and higher corporate expenses partially associated with the costs of operating as a public company.

After-Tax Cash Flow. After-tax cash flow increased to approximately \$4.6 million for the quarter ended June 30, 1999 from approximately \$3.0 million for the quarter ended June 30, 1998, or 53.3%. After-tax cash flow increased to approximately \$3.8 million for the six months ended June 30, 1999 from approximately \$3.1 million for the six months ended June 30, 1998, or 22.6%. These increases were attributable to the increase in operating income partially offset by higher interest charges associated with the financings of various acquisitions as well as the provision for income taxes for 1999, as described above.

Fiscal Year Ended December 31, 1998 Compared to Fiscal Year Ended December 31, 1997

Net Broadcast Revenue. Net broadcast revenue increased to approximately \$46.1 million for the fiscal year ended December 31, 1998, from approximately \$32.4 million for the fiscal year ended December 31, 1997, or 42.3%. Approximately \$3.8 million of the increase was attributable to stations acquired during 1998. On a same station basis, net revenue for the period increased approximately 30.6% to approximately \$42.3 million in 1998 from approximately \$32.4 million in 1997. This increase was the result of continuing broadcast revenue growth in Radio One's Washington, D.C., Baltimore, and Philadelphia markets as we benefitted from ratings increases at certain of our radio stations, improved power ratios at these stations and radio market growth.

Station Operating Expenses. Station operating expenses excluding depreciation and amortization increased to approximately \$24.5 million for the fiscal year ended December 31, 1998, from approximately \$18.8 million for the fiscal year ended December 31, 1997, or 30.3%. Approximately \$2.5 million of the increase was attributable to stations acquired during 1998. On a same station basis, station operating expenses for the period increased approximately 17.0% to approximately \$22.0 million in 1998 from approximately \$18.8 million in 1997. This increase was primarily related to increases in sales commissions and license fees due to significant revenue growth, as well as additional programming costs related to ratings gains at some of our larger radio stations.

Corporate Expenses. Corporate expenses increased to approximately \$2.8 million for the fiscal year ended December 31, 1998, from approximately \$2.2 million for the fiscal year ended December 31, 1997, or 27.3%. This increase was due primarily to growth in the corporate staff consistent with our overall expansion, annual costs associated with the 12% notes due 2004 and costs associated with our public reporting requirements.

Depreciation and Amortization. Depreciation and amortization increased to approximately \$8.4 million for the fiscal year ended December 31, 1998, from approximately \$5.8 million for the fiscal year ended December 31, 1997, or 44.8%. This increase was due primarily to our asset growth as well as our acquisitions in 1998.

Operating Income. Operating income increased to approximately \$10.4 million for the fiscal year ended December 31, 1998, from approximately \$5.5 million for the fiscal year ended December 31, 1997, or 89.1%. This increase was attributable to the increases in broadcast revenues partially offset by higher operating expenses and higher depreciation and amortization expenses as described above.



Interest Expense. Interest expense increased to approximately \$11.5 million for the fiscal year ended December 31, 1998, from approximately \$8.9 million for the fiscal year ended December 31, 1997, or 29.2%. This increase was primarily due to the 12% notes offering, the retirement of our approximately \$45.6 million bank credit facility and borrowings under our bank credit facility associated with the Bell Broadcasting acquisition.

Other Income. Other income decreased to \$358,000 for the fiscal year ended December 31, 1998, from \$415,000 for the fiscal year ended December 31, 1997, or 13.7%. This decrease was primarily attributable to lower interest income due to lower cash balances as we used a portion of our cash balances to help fund the Bell Broadcasting acquisition.

Loss before Benefit from Income Taxes. Loss before benefit from income taxes decreased to \$734,000 for the fiscal year ended December 31, 1998, from approximately \$3.0 million for the fiscal year ended December 31, 1997, or 75.5%. This decrease was due to higher operating income partially offset by higher interest expense and lower other income. The income tax benefit of approximately \$1.6 million for the year ended December 31, 1998, was the result of reversing our valuation allowance recorded in prior years related to our net operating loss carryforward and other deferred tax assets, offset by an income tax provision of \$483,000 as we had net income for tax reporting purposes as a result of non-deductible amortization expense for income tax purposes. Certain intangible assets acquired as a result of the Bell Broadcasting acquisition maintained their old income tax basis because the Bell Broadcasting acquisition was a stock purchase.

Net Income (Loss). Net income increased to \$841,000 for the fiscal year ended December 31, 1998, from a net loss of approximately \$4.9 million for the fiscal year ended December 31, 1997. The increase was due to higher operating income and an income tax benefit, partially offset by higher interest expense as described above and an approximate \$2.0 million extraordinary loss related to the refinancing of debt.

Broadcast Cash Flow. Broadcast cash flow increased to approximately \$21.6 million for the fiscal year ended December 31, 1998, from approximately \$13.5 million for the fiscal year ended December 31, 1997, or 60.0%. Approximately \$1.3 million of the increase was attributable to stations acquired during 1998. On a same station basis, broadcast cash flow for the period increased approximately 50.4% to approximately \$20.3 million in 1998 from approximately \$13.5 million in 1997. This increase was attributable to the increase in net broadcast revenue partially offset by higher station operating expenses as described above.

Our broadcast cash flow margin increased to approximately 46.9% for the fiscal year ended December 31, 1998, from 41.8% for the fiscal year ended December 31, 1997. On a same station basis, broadcast cash flow margin for the period increased to approximately 48.0% in 1998 from approximately 41.8% in 1997. This increase was the result of strong revenue gains in our more mature markets partially offset by slower expense growth in those markets. The lower actual broadcast cash flow margin versus that reported on a same station basis for 1998 was the result of our recent entrance into the Detroit market where we acquired underperforming stations with profit margins lower than those of many of the radio stations we own in markets in which we have operated for a longer period of time.

EBITDA. EBITDA increased to approximately \$18.8 million for the fiscal year ended December 31, 1998, from approximately \$11.4 million for the fiscal year ended December 31, 1997, or 64.9%. This increase was attributable to the increase in net broadcast revenue partially offset by higher station operating and corporate expenses as described above.

After-Tax Cash Flow. After-tax cash flow increased to approximately \$7.2 million for the fiscal year ended December 31, 1998, from approximately \$2.9 million for the fiscal year ended December 31, 1997, or 148.3%. This increase was attributable to higher net income and depreciation and amortization as described above.

Fiscal Year Ended December 31, 1997 Compared to Fiscal Year Ended December 31, 1996

**Net Broadcast Revenue.** Net broadcast revenue increased to approximately \$32.4 million for the fiscal year ended December 31, 1997, from approximately \$23.7 million for the fiscal year ended December 31, 1996, or 36.7%. Approximately \$2.6 million of the increase was attributable to the station acquired during 1997. On a same station basis, net revenue for the period increased approximately 25.7% to approximately \$29.8 million in 1997 from approximately \$23.7 million in 1996. This increase was primarily the result of significant net broadcast revenue growth in our Washington, D.C. and Baltimore markets as we benefitted from ratings increases at our larger radio stations as well as radio market growth.

**Station Operating Expenses.** Station operating expenses excluding depreciation and amortization increased to approximately \$18.8 million for the fiscal year ended December 31, 1997, from approximately \$13.9 million for the fiscal year ended December 31, 1996, or 35.3%. Approximately \$2.4 million of the increase was attributable to stations acquired during 1997. On a same station basis, station operating expenses for the period increased approximately 18.0% to approximately \$16.4 million in 1997 from approximately \$13.9 million in 1996. This increase was due to higher sales, programming and administrative costs associated with the significant net broadcast revenue growth and ratings gains at our radio stations.

**Corporate Expenses.** Corporate expenses increased to approximately \$2.2 million for the fiscal year ended December 31, 1997, from approximately \$1.8 million for the fiscal year ended December 31, 1996, or 22.2%. This increase was due primarily to growth in the corporate staff consistent with our overall expansion, annual costs associated with the 12% notes due 2004 and the costs associated with our public reporting requirements.

**Depreciation and Amortization.** Depreciation and amortization increased to approximately \$5.8 million for the fiscal year ended December 31, 1997, from approximately \$4.3 million for the fiscal year ended December 31, 1996, or 34.9%. This increase was due primarily to our acquisition of WPHI-FM (formerly WDRE-FM) in 1997.

**Operating Income.** Operating income increased to approximately \$5.5 million for the fiscal year ended December 31, 1997, from approximately \$3.7 million for the fiscal year ended December 31, 1996, or 48.6%. This increase was attributable to the increases in net broadcast revenue partially offset by higher operating expenses, higher depreciation and amortization expenses and start-up losses incurred earlier in 1997 related to the acquisition of WPHI-FM.

**Interest Expense.** Interest expense increased to approximately \$8.9 million for the fiscal year ended December 31, 1997, from approximately \$7.3 million for the fiscal year ended December 31, 1996, or 21.9%. This increase related primarily to the 12% notes offering and the associated retirement of our \$45.6 million bank credit facility at that time.

**Other Income (Loss).** Other income increased to approximately \$415,000 for the fiscal year ended December 31, 1997, from a loss of approximately \$77,000 for the fiscal year ended December 31, 1996. This increase was primarily attributable to higher interest income due to higher cash balances associated with our cash flow growth and capital raised in the 12% notes offering.

**Loss before Benefit for Income Taxes.** Loss before provision for income taxes and extraordinary item decreased to approximately \$3.0 million for the fiscal year ended December 31, 1997, from approximately \$3.6 million for the fiscal year ended December 31, 1996, or 16.7%. The decrease was due to higher operating and other income partially offset by higher interest expense associated with the 12% notes offering.

**Net Loss.** Net loss increased to approximately \$4.9 million for the fiscal year ended December 31, 1997, from approximately \$3.6 million for the fiscal year ended December 31, 1996, or 36.1%. This increase was due to a loss of approximately \$2.0 million on the early retirement of the indebtedness under a former bank credit facility with the proceeds from the 12% notes offering, as well as the exchange of our 15% subordinated promissory notes due 2004 for preferred stock.

**Broadcast Cash Flow.** Broadcast cash flow increased to approximately \$13.5 million for the fiscal year ended December 31, 1997, from approximately \$9.8 million for the fiscal year ended December 31, 1996, or 37.8%. Approximately \$0.2 million of the increase was attributable to stations acquired during 1997. On a same station basis, broadcast cash flow for the period increased approximately 35.7% to approximately \$13.3 million in 1997 from approximately \$9.8 million in 1996. This increase was attributable to the increases in net broadcast revenue partially offset by higher station operating expenses.

Our broadcast cash flow margin increased to approximately 41.8% for the fiscal year ended December 31, 1997 from 41.2% for the fiscal year ended December 31, 1996. On a same station basis, broadcast cash flow margin for the period increased to approximately 44.6% in 1997 from approximately 41.2% in 1996. This increase was the result of strong revenue gains in our more mature markets partially offset by slower expense growth in those markets. The lower actual broadcast cash flow margin versus that reported on a same station basis for 1997 is the result of our entry into the Philadelphia market where we acquired an underperforming station with profit margins lower than those of many of the radio stations we own in markets in which we have operated for a longer period of time.

**EBITDA.** EBITDA increased to approximately \$11.4 million for the fiscal year ended December 31, 1997, from approximately \$8.0 million for the fiscal year ended December 31, 1996, or 42.5%. This increase was attributable to the increase in net broadcast revenue partially offset by higher operating and corporate expenses.

**After-Tax Cash Flow.** After-tax cash flow increased to approximately \$2.9 million for the fiscal year ended December 31, 1997, from approximately \$806,000 for the fiscal year ended December 31, 1996, or 259.8%. This increase was attributable to higher net income and depreciation and amortization as described above.

#### Liquidity and Capital Resources

Our primary source of liquidity is cash provided by operations and, to the extent necessary, undrawn commitments available under the bank credit facility. Our ability to borrow in excess of the commitments set forth in the credit agreement is limited by the terms of the indenture. Additionally, such terms place restrictions on Radio One 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.

We have used a significant portion of our capital resources to consummate acquisitions. These acquisitions were or will be funded from (1) the bank credit facility, (2) the proceeds of this offering, and (3) internally generated cash flow. A portion of the net proceeds from this offering will be used to repay our outstanding indebtedness under the bank credit facility. See "Use of Proceeds."

Our capital structure consists of our outstanding long-term debt and stockholders' equity. The stockholders' equity consists of common stock, additional paid-in capital and accumulated deficit. Our balance of cash and cash equivalents was approximately \$4.5 million as of December 31, 1998. Our balance of cash and cash equivalents was approximately \$5.0 million as of June 30, 1999. This increase resulted primarily from stronger cash flows from operating activities as well as our initial public offering on May 6, 1999 from which we raised approximately \$119.0 million, partially offset by the repayment of debt and preferred stock with the proceeds from the initial public offering. At June 30, 1999 approximately \$84.0 million remained available (based on various covenant restrictions) to be drawn down from our bank credit facility which was increased to a \$100.0 million facility in February 1999. In general, our primary source of liquidity is cash provided by operations and, to the extent necessary, on undrawn commitments available under our bank credit facility.

Net cash flow from operating activities increased to approximately \$6.0 million for the six months ended June 30, 1999 from approximately \$4.3 million for the six months ended June 30, 1998 or 39.5%. This increase

was primarily due to a higher net loss due to higher interest charges associated with higher average levels of debt outstanding, higher depreciation and amortization charges associated with the various acquisitions made by us in the past year and a higher provision for income taxes as compared to the first half of 1998. Non-cash expenses of depreciation and amortization increased to approximately \$9.7 million for the six months ended June 30, 1999 from approximately \$5.4 million for the six months ended June 30, 1998 or 79.6% due to various acquisitions made by us within the past year.

Net cash flow used in investing activities increased to approximately \$42.0 million for the six months ended June 30, 1999 compared to approximately \$33.6 million for the six months ended June 30, 1998 or 25.0%. During the six months ended June 30, 1999 we, through our Radio One of Atlanta, Inc. subsidiary (which we acquired on March 30, 1999) acquired the remaining stock in Dogwood Communications, Inc. which we did not already own, for approximately \$3.6 million, acquired radio stations WENZ-FM and WERE-AM in Cleveland, Ohio for approximately \$20 million, acquired radio station WFUN-FM in St. Louis, Missouri for approximately \$13.6 million, entered into a time brokerage agreement to operate radio stations located in Richmond, Virginia and made a \$1.0 million investment in PNE Media, LLC. We also made escrow deposits on anticipated acquisitions of additional radio stations in Richmond, Virginia and Boston, Massachusetts. Also during the six months ended June 30, 1999 we made purchases of capital equipment totaling approximately \$2.1 million.

Net cash flow from financing activities was approximately \$36.6 million for the six months ended June 30, 1999. During the six months ended June 30, 1999, we completed our initial public offering of common stock and raised net proceeds of approximately \$119.0 million which was used to partially repay outstanding balances on our bank credit facility and to repay all of our outstanding Senior Cumulative Redeemable Preferred Stock. Additionally, we increased the size of our bank credit facility to \$100.0 million. During the six months ended June 30, 1999, we partially used this bank credit facility to acquire our former affiliate, Radio One of Atlanta, Inc. which, in turn, acquired the remaining stock of Dogwood Communications, Inc. that we did not already own. We also acquired radio stations located in Cleveland, Ohio and St. Louis, Missouri. Net cash flow from financing activities was approximately \$24.3 million for the six months ended June 30, 1998. During the six months ended June 30, 1998, we acquired, through an unrestricted subsidiary, the capital stock of Broadcast Holdings, Inc., the owner and operator of radio station WYCB-AM, for approximately \$3.8 million in a note, and we used our bank credit facility to acquire Bell Broadcasting Company, an owner and operator of radio stations in Detroit and Kingsley, Michigan, for approximately \$34 million.

As a result of the aforementioned, cash and cash equivalents increased by approximately \$0.6 million during the six months ended June 30, 1999 compared to an approximate \$5.1 million decrease during the six months ended June 30, 1998.

We continuously review, and are currently reviewing, opportunities to acquire additional radio stations, primarily in the top 40 African-American markets. We anticipate that any future radio station acquisitions would be financed through funds generated from operations, 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.

Management believes that, based on current levels of operations and anticipated internal growth, cash flow from operations together with other available sources of funds will be adequate for the foreseeable future to make required payments of interest on Radio One's indebtedness, to fund anticipated capital expenditures and working capital requirements and to enable us to comply with the terms of our debt agreements. Our ability to meet our debt service obligations and reduce our total debt, and our ability to refinance the 12% notes due 2004, at or prior to their scheduled maturity date in 2004, 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. For 1999, we anticipate maintenance capital expenditures to be between \$1.0 million and \$2.0 million and total capital expenditures to be between \$4.0 million and \$6.0 million. During 1997, Radio One converted from a S corporation to a C corporation.

## Impact of Inflation

We believe that inflation has not had a material impact on our results of operations for each of our fiscal years in the three-year period ended December 31, 1998 or for the six months ended June 30, 1999. However, there can be no assurance that future inflation would not have an adverse impact on our operating results and financial condition.

## Seasonality

Seasonal net broadcast revenue fluctuations are common in the radio broadcasting industry and are due primarily to fluctuations in advertising expenditures by local and national advertisers. Radio One's first fiscal quarter generally produces the lowest net broadcast revenue for the year.

## Year 2000 Compliance

Radio One has commenced a process to ensure Year 2000 compliance of all hardware, software, and ancillary equipment that are date dependent. This process involves four phases:

- Phase I-- Inventory and Data Collection. This phase involves an identification of all systems that are date dependent. This phase was completed during the first quarter of 1998.
- Phase II-- Compliance Identification. This phase involves Radio One identifying and beginning to replace critical systems that cannot be updated or certified as compliant. We commenced this phase in the first quarter of 1999 and completed the substantial majority of this phase before the end of the second quarter of 1999. To date, we have verified that our accounting, payroll, and local wide area network hardware and software systems are substantially compliant. In addition, we have determined that most of our personal computers and PC applications are compliant. We are currently reviewing our security systems and other miscellaneous systems.
- Phase III--Test, Fix, and Verify. This phase involves testing all systems that are date dependent and upgrading all non-compliant systems. We expect to complete this phase during the fourth quarter of 1999.
- Phase IV-- Final Testing, New Item Compliance. This phase involves a review of failed systems for compliance and re-testing as necessary. We expect to complete this phase by the end of the fourth quarter of 1999.

To date, we have no knowledge that any of our major systems are not Year 2000 ready or will not be Year 2000 ready by the end of 1999. We have not incurred significant expenditures and believe we will achieve substantial Year 2000 readiness without the need to acquire significant new hardware, software or systems. As part of our expansion over the past two years, we have undertaken significant build-outs, upgrades and expansions to our radio station studios, business offices and technology infrastructure. These enhancement efforts are continuing in all of the markets in which we have recently acquired radio stations and will expand into the new markets in which we will be acquiring radio stations. We believe that most, if not all, of the new equipment installed in conjunction with these recent build-outs is Year 2000 compliant. Based upon our experience to date, we estimate the remaining costs to achieve Year 2000 readiness will be approximately \$100,000, independent of the costs associated with the previously-mentioned expansions which are being undertaken in the normal course of our business development. All costs directly related to preparing for Year 2000 readiness will be expensed as incurred. We are not aware of any Year 2000 problems that would have a material effect on our operations. We are also not aware of any non-compliance by our suppliers that is likely to have material impact on our business. Nevertheless, we cannot assure you that our critical systems, or the critical systems of our suppliers, will be Year 2000 ready.

We do not intend to develop any contingency plans to address possible failures by us or our vendors related to Year 2000 compliance. We do not believe that such contingency plans are required because we believe that we and our significant vendors will be Year 2000 compliant before January 2000.

## BUSINESS

Radio One was founded in 1980 and is the largest radio broadcasting company in the United States primarily targeting African-Americans. After we complete our acquisitions of four stations that we operate in Richmond, we will own 26 radio stations. Twenty-five of these stations (eighteen FM and seven AM) are in nine of the top 20 African-American radio markets: Washington, D.C., Baltimore, Atlanta, Philadelphia, Detroit, Cleveland, St. Louis, Richmond and Boston. Our strategy is to expand within our existing markets and into new markets that have a significant African-American presence. We believe radio broadcasting primarily targeting African-Americans has significant growth potential. We also believe that we have a competitive advantage in the African-American market and the radio industry in general, due to our primary focus on urban formats, our skill in programming and marketing these formats, and our turnaround expertise.

The radio station clusters that we owned or managed as of June 30, 1999, were ranked in the top three in their markets in combined audience and revenue share among radio stations primarily targeting African-Americans. Our net broadcast revenue, broadcast cash flow and after-tax cash flow have grown significantly:

- . Same station net broadcast revenue increased 30.6% from year-end 1997 to year-end 1998 and 32.8% for the six months ended June 30, 1999, compared to the same period in 1998.
- . Same station broadcast cash flow increased 50.4% from year-end 1997 to year-end 1998 and 39.6% for the six months ended June 30, 1999, compared to the same period in 1998.
- . After-tax cash flow increased 148.3% from year-end 1997 to year-end 1998 and 22.6% for the six months ended June 30, 1999, compared to the same period in 1998.

Radio One is led by our Chairperson and co-founder, Catherine L. Hughes, and her son, Alfred C. Liggins, III, our Chief Executive Officer and President, who together have over 40 years of operating experience in radio broadcasting. Ms. Hughes, Mr. Liggins and our strong management team have successfully implemented a strategy of acquiring and turning around underperforming radio stations. We believe that we are well positioned to apply our proven operating strategy to our recently or soon to be acquired stations in Cleveland, St. Louis, Richmond and Boston, and to other radio stations in existing and new markets as attractive acquisition opportunities arise.

### The African-American Market Opportunity

We believe that operating urban formatted radio stations primarily targeting African-Americans has significant growth potential for the following reasons:

- . Rapid African-American Population Growth. From 1980 to 1995, the African-American population increased from approximately 26.7 million to 33.1 million, a 24.0% increase, compared to a 16.0% increase in the population as a whole. Furthermore, the African-American population is expected to exceed 40 million by 2010, a 21.2% increase from 1995, compared to an expected increase of 13.3% for the population as a whole. (Source: 1998 U.S. Census Bureau Current Population Report)
- . Higher African-American Income Growth. According to the U.S. Census Bureau, from 1980 to 1995, the rate of increase in median family household income in 1995 adjusted dollars for African-Americans was approximately 10.7% compared to 4.3% for the population as a whole. African-American buying power is estimated to reach \$533 billion in 1999, up 73.0% from 1990 compared to a 57.0% increase for all Americans, and to account for 8.2% of total buying power in 1999, compared to 7.4% in 1990. (Source: "African-American Buying Power by Place of Residence: 1990-1999," Dr. Jeffrey M. Humphreys). In addition, the African-American consumer tends to have a different consumption profile than non-African-Americans. For example, 31% of African-Americans purchased a TV, VCR or stereo in the past year compared to 25% of average U.S. households. African-Americans' higher than average rate of consumption is a powerful reason for U.S. retailers to increase targeted advertising spending toward this consumer group. (Source: Pricewaterhouse Coopers, LLP 1998 Study)

- . Growth in Advertising Targeting the African-American Market. We believe that large corporate advertisers are becoming more focused on reaching minority consumers in the United States. The African-American and Hispanic communities are viewed as an emerging growth market within the mature domestic market. A 1997 study estimated that major national advertisers spent \$881 million on advertising targeting African-American consumers, up from \$463 million in 1985. (Source: Target Market News (Chicago, IL-1997)). For example, Ford Motor Company reportedly plans to increase its spending targeting African-Americans and Hispanics by 20% in the 1998-99 model year. (Source: Ad Week Midwest September 28, 1998). We believe Ford is one example of many large corporations currently expanding their commitment to ethnic advertising.
- . Growing Influence of African-American Culture. We believe that there is an ongoing "urbanization" of many facets of American society as evidenced by the influence of African-American culture in the areas of music (for example, hip-hop and rap music), film, fashion, sports and urban-oriented television shows and networks. We believe that companies as disparate as the News Corporation's Fox(R) television network, the sporting goods manufacturer Nike(R), the fast food chain McDonald's(R), and prominent fashion designers have embraced this urbanization trend in their products as well as their advertising messages.
- . Growing Popularity of Radio Formats Primarily Targeting African-Americans. We believe that urban programming has been expanded to target a more diverse urban listener base and has become more popular with listeners and advertisers over the past ten years. The number of urban radio stations has increased from 294 in 1990 to an estimated 371 in 1998, or 26%, and is expected to increase an additional 10% to 409 by 2002. In Fall 1997, urban formats were one of the top three formats in nine of the top ten radio markets nationwide and the top format in five of these markets. (Source: INTEREP, Research Division, 1998 Regional Differences in Media Usage Study).
- . Concentrated Presence of African-Americans in Urban Markets. In 1997, approximately 61.8% of the African-American population was located in the top 40 African-American markets. Relative to radio broadcasters targeting a broader audience, we believe we can cover the various segments of our target market with fewer programming formats and therefore fewer radio stations than the maximum of eight allowed by the FCC. (Source: BIA 1999, Third Edition).
- . Strong African-American Listenership and Loyalty. In 1996, African-Americans in the ten largest markets listened to radio broadcasts an average of 27.0 hours per week. (Source: INTEREP Research Division, 1998 Urban Radio Study). This compares to 22.0 hours per week for all Americans. (Source: Forbes, June 1, 1998). In addition, we believe that African-American radio listeners exhibit greater loyalty to radio stations that target the African-American community because those radio stations become a valuable source of entertainment and information responsive to the community's interests and lifestyles.

#### Acquisition Strategy

Our primary acquisition strategy is to acquire and turn around underperforming radio stations principally in the top 40 African-American markets. We consider acquisitions in existing markets where expanded coverage is desirable and in new markets where we believe it is advantageous to establish a presence. In analyzing potential acquisition candidates, we generally consider:

- . the price and terms of the purchase;
- . whether the radio station has a signal adequate to reach a large percentage of the African-American community in a market;
- . whether we can increase ratings and net broadcast revenue of the radio station;
- . whether we can reformat or improve the radio station's programming in order to serve profitably the African-American community;
- . whether the radio station affords us the opportunity to introduce complementary formats in a market where we already maintain a presence; and

- . the number of competitive radio stations in the market.

For strategic reasons, or as a result of a station cluster purchase, we may also acquire and operate stations with formats that target non-African-American segments of the population.

#### Turnaround Expertise

Historically, we have entered a market by acquiring a station or stations that have little or negative broadcast cash flow. Additional stations we have acquired in existing markets have often been, in our opinion, substantially underperforming. By implementing our operating strategies, we have succeeded in increasing ratings, net broadcast revenue and broadcast cash flow of all the FM stations we have owned or managed for at least one year. We have achieved these improvements while operating against much larger competitors. Some of these successful turnarounds are described below by market:

- . Washington, D.C. In 1995, we acquired WKYS-FM for approximately \$34.0 million. At the time, WKYS-FM was ranked number 12 by Arbitron in the 12-plus age demographic. Over a two-year period, we repositioned WKYS-FM, improved its programming and enhanced the station's community involvement and image. For the Arbitron Survey four book averages ending with the Spring 1999 Arbitron Survey, the station was ranked number one in the 18-34 age demographic (with a 10.3 share) and number three in the 12-plus age demographic (with a 5.4 share).

In 1987, we acquired WMMJ-FM for approximately \$7.5 million. At the time, WMMJ-FM was being programmed in a general market Adult Contemporary format, and had a 1.2 share of the 12-plus age demographic. After extensive research we changed the station's format, making WMMJ-FM the first FM radio station on the East Coast to introduce an Urban Adult Contemporary programming format. For the Arbitron Survey four book averages ending with the Spring 1999 Arbitron Survey, the station was tied for the fifth rank in the 25-54 age demographic (with a 4.9 share) and was ranked number eight in the 12-plus age demographic (with a 4.2 share).

- . Baltimore. In 1993, we acquired WERQ-FM and WOLB-AM for approximately \$9.0 million. At the time, these stations had mediocre ratings. We converted WERQ-FM's programming to a more focused Young Urban Contemporary format and began aggressively marketing the station. WERQ-FM is now Baltimore's dominant station, ranked number one in the 12-plus, 18-34 and 25-54 age demographics for the Arbitron Survey four book averages ending with the Spring 1999 Arbitron Survey, a position it first achieved in the Spring 1997 Arbitron Survey.

In 1992, we acquired WWIN-FM and its sister station, WWIN-AM, for approximately \$4.7 million. At the time, WWIN-FM was a distant second in ratings to its in-format direct competitor, WXYV-FM. We repositioned WWIN-FM towards the 25-54 age demographic, and for the Arbitron Survey four book averages ending with the Spring 1999 Arbitron Survey, the station was ranked number two in that age demographic (with a 7.5 share) behind only Radio One's WERQ-FM.

- . Atlanta. In 1995, ROA, then an affiliate of Radio One, acquired WHTA-FM, a Class A radio station located approximately 40 miles from Atlanta, for approximately \$4.5 million. Prior to that acquisition, the previous owners, together with our management, upgraded and moved the station approximately 20 miles closer to Atlanta. The result was the introduction of a new, Young Urban Contemporary radio station in the Atlanta market. The station's ratings increased quickly, to an approximate 5.0 share in the 12-plus age demographic. For the Arbitron Survey four book averages ending with the Spring 1999 Arbitron Survey, the station was ranked number four in the 18-34 age demographic (with an 8.2 share).
- . Philadelphia. In May 1997, we acquired WPHI-FM for approximately \$20.0 million. At the time the station was being programmed in a Modern Rock format and had a 2.7 share in the 12 plus age demographic. We changed the station's format to Young Urban Contemporary and, for the Arbitron Survey four book averages ending with the Spring 1999 Arbitron Survey, the station was ranked number 14 in the 12-plus age demographic (with a 3.1 share) and number five in the 18-34 age demographic (with a 5.8 share).



Top 40 African-American Radio Markets in the United States

In the table below, boxes and bold text indicate markets where we currently own radio stations. Population estimates are for 1997 and are based upon BIA Investing in Radio Market Report ("BIA 1999 Third Edition").

Rank	Market	African American Population in the Market  (in thousands)	African-Americans as a Percentage of the Overall Population in the Market
1.	New York, NY	3,589	21.3%
2.	Chicago, IL	1,670	19.6
3.	Washington, DC	1,131	26.5
4.	Los Angeles, CA	1,120	9.1
5.	Detroit, MI	1,032	22.3
6.	Philadelphia, PA	987	20.2
7.	Atlanta, GA	957	26.0
8.	Houston/Galveston, TX	795	18.3
9.	Miami/Ft. Lauderdale/Hollywood, FL	713	19.7
10.	Baltimore, MD	686	27.6
11.	Dallas/Ft. Worth, TX	659	14.2
12.	San Francisco, CA	594	8.9
13.	Memphis, TN	491	42.0
14.	St. Louis, MO	455	17.7
15.	Norfolk/Virginia Beach/Newport News, VA	455	30.2
16.	New Orleans, LA	443	35.0
17.	Cleveland, OH	408	19.2
18.	Boston, MA	309	7.1
19.	Richmond, VA	284	30.1
20.	Charlotte/Gastonia/Rock Hill, NC	280	20.5
21.	Birmingham, AL	267	27.4
22.	Milwaukee/Racine, WI	261	15.5
23.	Raleigh/Durham, NC	256	24.1
24.	Jacksonville, FL	241	22.6
25.	Tampa/St. Petersburg/Clearwater, FL	239	10.5
26.	Kansas City, MO	229	13.5
27.	Greensboro/Winston Salem/High Point, NC	228	19.6
28.	Cincinnati, OH	224	11.6
29.	Nassau/Suffolk Counties (NY)	224	8.4
30.	Pittsburgh, PA	198	8.4
31.	Indianapolis, IN	196	14.2
32.	Orlando, FL	191	14.6
33.	Columbus, OH	190	13.0
34.	Jackson, MS	186	43.3
35.	Nashville, TN	181	15.8
36.	Baton Rouge, LA	181	31.5
37.	San Diego, CA	174	6.3
38.	Seattle/Tacoma, WA	174	5.1
39.	Greenville/Spartanburg, SC	155	17.8
40.	Augusta, GA	153	33.1

## Operating Strategy

In order to maximize net broadcast revenue and broadcast cash flow at our radio stations, we strive to achieve the largest audience share of African-American listeners in each market, convert these audience share ratings to advertising revenue, and control operating expenses. The success of our strategy relies on the following:

- . market research, targeted programming and marketing;
- . strong management and performance-based incentives;
- . strategic sales efforts;
- . radio station clustering, programming segmentation and sales bundling;
- . advertising partnerships and special events; and
- . significant community involvement.

### Market Research, Targeted Programming and Marketing

Radio One uses market research to tailor the programming, marketing and promotions of our radio stations to maximize audience share. To achieve these goals, we use market research to identify unserved or underserved markets or segments of the African-American community in current and new markets and to determine whether to acquire a new radio station or reprogram one of our existing radio stations to target those markets or segments.

We also seek to reinforce our targeted programming by creating a distinct and marketable identity for each of our radio stations. To achieve this objective, in addition to our significant community involvement discussed below, we employ and promote distinct, high-profile on-air personalities at many of our radio stations, many of whom have strong ties to the African-American community.

### Strong Management and Performance-based Incentives

Radio One focuses on hiring highly motivated and talented individuals in each functional area of the organization who can effectively help us implement our growth and operating strategies. Radio One's management team is comprised of a diverse group of individuals who bring expertise to their respective functional areas. We seek to hire and promote individuals with significant potential, the ability to operate with high levels of autonomy and the appropriate team-orientation that will enable them to pursue their careers within the organization.

To enhance the quality of our management in the areas of sales and programming, general managers, sales managers and program directors have significant portions of their compensation tied to the achievement of certain performance goals. General managers' compensation is based partially on achieving broadcast cash flow benchmarks which create an incentive for management to focus on both sales growth and expense control. Additionally, sales managers and sales personnel have incentive packages based on sales goals, and program directors and on-air talent have incentive packages focused on maximizing overall ratings as well as ratings in specific target segments.

### Strategic Sales Efforts

Radio One has assembled an effective, highly trained sales staff responsible for converting audience share into revenue. We operate with a focused, sales-oriented culture which rewards aggressive selling efforts through a generous commission and bonus compensation structure. We hire and deploy large teams of sales professionals for each of our stations or station clusters, and we provide these teams with the resources necessary to compete effectively in the markets in which we operate. We utilize various sales strategies to sell and market our stations as stand-alones, in combination with other stations within a given market and across markets, where appropriate.

## Radio Station Clustering, Programming Segmentation and Sales Bundling

Radio One strives to build clusters of radio stations in our markets, with each radio station targeting different demographic segments of the African-American population. This clustering and programming segmentation strategy allows us to achieve greater penetration into each segment of our target market. We are then able to offer advertisers multiple audiences and to bundle the radio stations for advertising sales purposes when advantageous.

We believe there are several potential benefits that result from operating multiple radio stations in the same market. First, each additional radio station in a market provides us with a larger percentage of the prime advertising time available for sale within that market. Second, the more stations we program, the greater the market share we can achieve in our target demographic groups through the use of segmented programming. Third, we are often able to consolidate sales, promotional, technical support and corporate functions to produce substantial cost savings. Finally, the purchase of additional radio stations in an existing market allows us to take advantage of our market expertise and existing relationships with advertisers.

## Advertising Partnerships and Special Events

We believe that in order to create advertising loyalty, Radio One must strive to be the recognized expert in marketing to the African-American consumer in the markets in which we operate. We believe that Radio One has achieved this recognition by focusing on serving the African-American consumer and by creating innovative advertising campaigns and promotional tie-ins with our advertising clients and sponsoring numerous entertainment events each year. We sponsor the Stone Soul Picnic, an all-day free outdoor concert which showcases advertisers, local merchants and other organizations to over 100,000 people in each of Washington, D.C. and Baltimore. We also sponsor The People's Expo every March in Washington, D.C. and Baltimore, which provides entertainment, shopping and educational seminars to Radio One's listeners and others from the communities we serve. In these events, advertisers buy signage, booth space and broadcast promotions to sell a variety of goods and services to African-American consumers. As we expand our presence in our existing markets and into new markets, we plan to increase the number of events and the number of markets in which we host these major events.

## Significant Community Involvement

We believe our active involvement and significant relationships in the African-American community provides a competitive advantage in targeting African-American audiences. In this way, we believe our proactive involvement in the African-American community in each of our markets significantly improves the marketability of our radio broadcast time to advertisers who are targeting such communities.

We believe that a radio station's image should reflect the lifestyle and viewpoints of the target demographic group it serves. Due to our fundamental understanding of the African-American community, we believe we are able to identify music and musical styles, as well as political and social trends and issues, early in their evolution. This understanding is then integrated into all aspects of our operations and enables us to create enhanced awareness and name recognition in the marketplace. In addition, we believe our multi-level approach to community involvement leads to increased effectiveness in developing and updating our programming formats. We believe our enhanced awareness and more effective programming formats lead to greater listenership and higher ratings over the long-term.

We have a history of sponsoring events that demonstrate our commitment to the African-American community, including:

- . heightening the awareness of diseases which disproportionately impact African-Americans, such as sickle-cell anemia and leukemia, and holding fundraisers to benefit the search for their cure;
- . developing contests specifically designed to assist African-American single mothers with day care expenses;

- . fundraising for the many African-American churches throughout the country that have been the target of arsonists; and
- . organizing seminars designed to educate African-Americans on personal issues such as buying a home, starting a business, developing a credit history, financial planning and health care.

#### Management Stock Option Plan

On March 10, 1999, we adopted the 1999 Stock Option and Restricted Stock Grant Plan designed to provide incentives relating to equity ownership to present and future executive, managerial, and other key employees of Radio One and our subsidiaries. The option plan affords us latitude in tailoring incentive compensation for the retention of key personnel, to support corporate and business objectives, and to anticipate and respond to a changing business environment and competitive compensation practices. For more information see "Management--Stock Option Plan."

#### Our Station Portfolio

After giving effect to our pending acquisitions, we will have acquired 17 radio stations since June 30, 1998. We believe that most of these stations are underdeveloped and offer the opportunity for substantial growth in revenue and broadcast cash flow. The eleven stations which we owned or managed prior to June 30, 1998, operated at a broadcast cash flow margin of 47.4% for the six months ended June 30, 1999, compared to a broadcast cash flow margin for the same period of 2.4% for the 10 stations that we did not previously manage and which we have acquired or commenced operating during the 12 months beginning June 30, 1998.

The following table sets forth selected information about our portfolio of radio stations, giving effect to our pending acquisitions. Market population data and revenue rank data are from BIA 1999 Third Edition. Audience share and audience rank data are based on Arbitron Survey four book averages ending with the Spring 1999 Arbitron Survey. Except as noted, revenue share and revenue rank data for the Washington, D.C., Baltimore and Detroit markets are based on the Radio Revenue Reports of Hungerford for the six-month period ending June 30, 1999. For the Philadelphia, Atlanta, Cleveland and Richmond markets, the revenue share and revenue rank data are from revenue reports for the six-month period ending June 30, 1999, as prepared by Miller, Kaplan, Arase & Co., Certified Public Accountants. As used in this table, "n/a" means not applicable or not available and "t" means tied with one or more radio stations.

Market(/1/)	June 1999 Market Rank		Year Acquired	Format	Target Age Demo- graphic	Four Book Average		Four Book Average		January- June 1999 Radio One Market Revenue	
	Metro Population	Radio Revenue				Audience Share in 12+	Audience Rank in 12+	Audience Share in Target Demo- graphic	Audience Rank in Target Demo- graphic	Share	Rank
Washington, DC	9	6									
WKYS-FM			1995	Urban	18-34	5.4	3	10.3	1	5.0%	10
WMMJ-FM			1987	Urban AC	25-54	4.2	8	4.9	5 (t)	4.1%	14
WYCB-AM			1998	Gospel	35-64	0.9	22 (t)	1.0	21 (t)	0.5%	n/a(/2/)
WOL-AM			1980	Urban Talk	35-64	0.8	25 (t)	1.0	21 (t)	0.5%	21
Baltimore	20	20									
WERQ-FM			1993	Urban	18-34	9.6	1	17.1	1	12.8%	n/a(/3/)
WWIN-FM			1992	Urban AC	25-54	5.8	4	7.5	2	8.0%	n/a(/3/)
WWIN-AM			1993	Gospel	35-64	1.0	16 (t)	1.1	15	0.3%	n/a(/3/)
WOLB-AM			1992	Urban Talk	35-64	0.7	18 (t)	0.8	17 (t)	0.2%	n/a(/3/)
Philadelphia	5	9									
WPHI-FM			1997	Urban	18-34	3.1	14	5.8	5	2.1%	16
Detroit	6	11									
WDTJ-FM			1998	Urban	18-34	3.6	11 (t)	6.0	4	2.6%	15
WDMK-FM			1998	Urban AC	25-54	1.3	22 (t)	1.6	19 (t)	0.7%	19
WCHB-AM			1998	Urban Talk	35-64	0.2	31	0.3	30 (t)	0.1%	n/a(/2/)
Atlanta	12	7									
WHTA-FM			1999	Urban	18-34	4.6	9 (t)	8.2	4	3.4%	12
WAMJ-FM			1999	Urban AC	25-54	2.3	15 (t)	3.0	13 (t)	1.5%	13
Cleveland	24	23									
WENZ-FM			1999	Urban	18-34	2.6	14	5.1	8	2.0%	14
WERE-AM			1999	News/Talk	35-64	0.5	19	0.5	19	0.9%	17
Richmond	57	47									
WCDX-FM			(pending)	Urban	18-34	9.0	2	14.8	1	11.6%	3
WKJS-FM			1999	Urban AC	25-54	5.9	6	7.8	4	7.3%	8
WPLZ-FM			(pending)	R&B	35-64	4.3	11	4.4	9	2.9%	11
WARV-FM			1999	Country	25-54	3.2	12	2.3	12	n/a(/2/)	n/a(/2/)
WJRV-FM			(pending)	Country	25-54	1.5	15 (t)	1.5	14	1.8%	13
WGCV-AM			(pending)	Gospel Oldies	35-64	1.2	17 (t)	1.5	15 (t)	n/a(/2/)	n/a(/2/)
WDYL-FM			1999	Modern Rock	25-54	0.7	20 (t)	0.7	19 (t)	n/a(/2/)	n/a(/2/)
St. Louis	19	19									
WFUN-FM			1999	Urban	12-54	n/a	n/a	n/a	n/a	n/a(/2/)	n/a(/2/)
Boston	8	10									
WBOT-FM			1999	Urban	18-34	n/a	n/a	n/a	n/a	n/a(/2/)	n/a(/2/)

(1) WJZZ-AM in Kingsley, MI is not currently broadcasting and is not included in the table.

(2) WYCB-AM, WCHB-AM, WARV-FM, WGCV-AM and WDYL-FM do not report revenues to Hungerford or Miller Kaplan. Revenue shares for WYCB-AM and WCHB-AM represent those stations' net broadcast revenue as a percentage of the market radio revenue reported by Hungerford in their respective markets for the six-month period ending June 30, 1999, as adjusted for WYCB-AM and WCHB-AM revenue, as appropriate.

(3) The revenues of WERQ-FM and WOLB-AM are reported jointly to Hungerford, as are the revenues of WWIN-FM and WWIN-AM. The revenue share percentages for these stations reflect the proportional contribution by each station to the joint share reported by Hungerford.

## Advertising Revenue

Substantially all of our net broadcast revenue is generated from the sale of local and national advertising for broadcast on our radio stations. Additional net broadcast revenue is generated from network compensation payments and other miscellaneous transactions. Local sales are made by the sales staffs located in our markets. National sales are made by firms specializing in radio advertising sales on the national level, in exchange for a commission from Radio One that is based on a percentage of our net broadcast revenue from the advertising obtained. Approximately 68.9% of our net broadcast revenue for the six-month period ended June 30, 1999, was generated from the sale of local advertising and 27.0% from sales to national advertisers. The balance of net broadcast revenue is derived from network advertising, tower rental income and ticket and other revenue related to special events hosted by Radio One.

We believe that advertisers can reach the African-American community more cost effectively through radio broadcasting than through newspapers or television. Advertising rates charged by radio stations are based primarily on:

- . a radio station's audience share within the demographic groups targeted by the advertisers,
- . the number of radio stations in the market competing for the same demographic groups, and
- . the supply and demand for radio advertising time.

Advertising rates are generally highest during the morning and afternoon commuting hours.

A radio station's listenership is reflected in ratings surveys that estimate the number of listeners tuned to a radio station and the time they spend listening to that radio station. Each radio station's ratings are used by its advertisers to consider advertising with the radio station, and are used by us to chart audience growth, set advertising rates and adjust programming.

## Strategic Diversification

We will continue to evaluate potential radio acquisitions in African-American markets. We are also exploring opportunities in other forms of media to apply our expertise in marketing to African-Americans. Such opportunities could include outdoor advertising in urban environments, an urban-oriented Internet strategy, an urban-oriented radio network, music production, publishing and other related businesses.

We recently entered into an exclusive programming agreement with XM Satellite Radio, Inc. to provide African-American talk and music programming to be broadcast on XM Satellite's digital audio radio service, which is expected to be available in 2001.

We have also invested, together with most publicly-traded radio companies, in a recent private placement for USA Digital Radio, Inc., a leading developer of in-band on-channel digital audio broadcast technology. This technology could enable radio broadcasters to convert from analog to digital broadcasting within the existing frequency allocation of their AM and FM stations. In conjunction with this investment, Alfred C. Liggins, III, the Chief Executive Officer and President of Radio One, became a board member of USA Digital Radio, Inc.

Additionally, we have recently invested in PNE Media Holdings, LLC, a privately-held outdoor advertising company with a presence in several of the markets in which we own radio stations.

We also recently made an investment of cash and advertising time in aka.com, LLC, an aggregator of web sites devoted to hip hop culture. In conjunction with this investment, our Chief Financial Officer, Scott R. Royster, became a director of aka.com, LLC.

## Properties and Facilities

The types of properties required to support each of our radio stations include offices, studios and transmitter/antenna sites. We typically lease our studio and office space with lease terms that are five to ten years. A station's studios are generally housed with its offices in downtown or business districts. We generally

consider our facilities to be suitable and of adequate size for our current and intended purposes. We lease a majority of our main transmitter/antenna sites and when negotiating a lease for such sites we try to obtain a lengthy lease term with options to renew. In general, we do not anticipate difficulties in renewing facility or transmitter/antenna site leases or in leasing additional space or sites if required.

We own substantially all of our other equipment, consisting principally of transmitting antennae, transmitters, studio equipment and general office equipment. The towers, antennae and other transmission equipment used by our stations are generally in good condition, although opportunities to upgrade facilities are continuously reviewed. Substantially all of the property that we own secures our borrowings under our credit facility.

#### Competition

The radio broadcasting industry is highly competitive. Radio One's stations compete for audiences and advertising revenue with other radio stations and with other media such as television, newspapers, direct mail and outdoor advertising. Audience ratings and advertising revenue are subject to change and any adverse change in a market could adversely affect our net broadcast revenue in that market. If a competing station converts to a format similar to that of one of our stations, or if one of our competitors strengthens its operations, our stations could suffer a reduction in ratings and advertising revenue. Other radio companies which are larger and have more resources may also enter markets where we operate. Although we believe our stations are well positioned to compete, we cannot assure you that our stations will maintain or increase their current ratings or advertising revenue.

The radio broadcasting industry is also subject to rapid technological change, evolving industry standards and the emergence of new media technologies. Several new media technologies are being developed, including the following:

- . audio programming by cable television systems, direct broadcast satellite systems, Internet content providers and other digital audio broadcast formats;
- . satellite digital audio radio service, which could result in the introduction of several new satellite radio services with sound quality equivalent to that of compact discs; and
- . in-band on-channel digital radio, which could provide multi-channel, multi-format digital radio services in the same band width currently occupied by traditional AM and FM radio services.

We recently entered into a programming agreement with a satellite digital audio radio service and have also invested in a developer of digital audio broadcast technology. However, we cannot assure you that these arrangements will be successful or enable us to adapt effectively to these new media technologies. We also cannot assure you that we will continue to have the resources to acquire other new technologies or to introduce new services that could compete with other new technologies.

#### Antitrust

An important part of our growth strategy is the acquisition of additional radio stations. After the passage of the Telecommunications Act of 1996, the Justice Department has become more aggressive in reviewing proposed acquisitions of radio stations and radio station networks. The Justice Department is particularly aggressive when the proposed buyer already owns one or more radio stations in the market of the station it is seeking to buy. Recently, the Justice Department has challenged a number of radio broadcasting transactions. Some of those challenges ultimately resulted in consent decrees requiring, among other things, divestitures of certain stations. In general, the Justice Department has more closely scrutinized radio broadcasting acquisitions that result in local market shares in excess of 40% of radio advertising revenue. Similarly, the FCC staff has adopted procedures to review proposed radio broadcasting transactions even if the proposed acquisition otherwise complies with the FCC's ownership limitations. In particular, the FCC may invite public comment on

proposed radio transactions that the FCC believes, based on its initial analysis, may present ownership concentration concerns in a particular local radio market.

#### Federal Regulation of Radio Broadcasting

The radio broadcasting industry is subject to extensive and changing regulation by the FCC of programming, technical operations, employment and other business practices. The FCC regulates radio broadcast stations pursuant to the Communications Act. The Communications Act permits the operation of radio broadcast stations only in accordance with a license issued by the FCC upon a finding that the grant of a license would serve the public interest, convenience and necessity. The Communications Act provides for the FCC to exercise its licensing authority to provide a fair, efficient and equitable distribution of broadcast service throughout the United States. Among other things, the FCC:

- . assigns frequency bands for radio broadcasting;
- . determines the particular frequencies, locations and operating power of radio broadcast stations;
- . issues, renews, revokes and modifies radio broadcast station licenses;
- . establishes technical requirements for certain transmitting equipment used by radio broadcast stations;
- . adopts and implements regulations and policies that directly or indirectly affect the ownership, operation, program content and employment and business practices of radio broadcast stations; and
- . has the power to impose penalties, including monetary forfeitures, for violations of its rules and the Communications Act.

The Communications Act prohibits the assignment of an FCC license, or other transfer of control of an FCC licensee, without the prior approval of the FCC. In determining whether to grant requests for consents to assignments or transfers, and in determining whether to grant or renew a radio broadcast license, the FCC considers a number of factors pertaining to the licensee (and any proposed licensee), including restrictions on foreign ownership, compliance with FCC media ownership limits and other FCC rules, licensee "character" and compliance with the Anti-Drug Abuse Act of 1988.

The following is a brief summary of certain provisions of the Communications Act and specific FCC rules and policies. This summary does not purport to be complete and is qualified in its entirety by the text of the Communications Act, the FCC's rules and regulations, and the rulings of the FCC. You should refer to the Communications Act and these FCC rules and rulings for further information concerning the nature and extent of federal regulation of radio broadcast stations.

A licensee's failure to observe the requirements of the Communications Act or FCC rules and policies may result in the imposition of various sanctions, including admonishment, fines, the grant of renewal terms of less than eight years, the grant of a license with conditions or, for particularly egregious violations, the denial of a license renewal application, the revocation of an FCC license or the denial of FCC consent to acquire additional broadcast properties.

Congress and the FCC have had under consideration or reconsideration, and may in the future consider and adopt, new laws, regulations and policies regarding a wide variety of matters that could, directly or indirectly, affect the operation, ownership and profitability of Radio One's radio stations, result in the loss of audience share and advertising revenue for our radio broadcast stations or affect our ability to acquire additional radio broadcast stations or finance such acquisitions. Such matters may include:

- . changes to the license authorization and renewal process;
- . proposals to impose spectrum use or other fees on FCC licensees;
- . auction of new broadcast licenses;



- . changes to the FCC's equal employment opportunity regulations and other matters relating to involvement of minorities and women in the broadcasting industry;
- . proposals to change rules relating to political broadcasting including proposals to grant free air time to candidates, and other changes regarding program content;
- . proposals to restrict or prohibit the advertising of beer, wine and other alcoholic beverages;
- . technical and frequency allocation matters, including creation of a new low power radio broadcast service;
- . the implementation of digital audio broadcasting on both a satellite and terrestrial basis;
- . changes in broadcast cross-interest, multiple ownership, foreign ownership, cross-ownership and ownership attribution policies;
- . proposals to allow telephone companies to deliver audio and video programming to homes in their service areas; and
- . proposals to alter provisions of the tax laws affecting broadcast operations and acquisitions.

We cannot predict what changes, if any, might be adopted, nor can we predict what other matters might be considered in the future, nor can we judge in advance what impact, if any, the implementation of any particular proposals or changes might have on our business.

#### FCC Licenses

The Communications Act provides that a broadcast station license may be granted to any applicant if the public interest, convenience and necessity will be served thereby, subject to certain limitations. In making licensing determinations, the FCC considers an applicant's legal, technical, financial and other qualifications. The FCC grants radio broadcast station licenses for specific periods of time and, upon application, may renew them for additional terms. Under the Communications Act, radio broadcast station licenses may be granted for a maximum term of eight years.

Generally, the FCC renews radio broadcast licenses without a hearing upon a finding that:

- . the radio station has served the public interest, convenience and necessity;
- . there have been no serious violations by the licensee of the Communications Act or FCC rules and regulations; and
- . there have been no other violations by the licensee of the Communications Act or FCC rules and regulations which, taken together, indicate a pattern of abuse.

After considering these factors, the FCC may grant the license renewal application with or without conditions, including renewal for a term less than the maximum otherwise permitted, or hold an evidentiary hearing.

In addition, the Communications Act authorizes the filing of petitions to deny a license renewal application during specific periods of time after a renewal application has been filed. Interested parties, including members of the public, may use such petitions to raise issues concerning a renewal applicant's qualifications. If a substantial and material question of fact concerning a renewal application is raised by the FCC or other interested parties, or if for any reason the FCC cannot determine that grant of the renewal application would serve the public interest, convenience and necessity, the FCC will hold an evidentiary hearing on the application. If as a result of an evidentiary hearing the FCC determines that the licensee has failed to meet the requirements specified above and that no mitigating factors justify the imposition of a lesser sanction, then the FCC may deny a license renewal application. Only after a license renewal application is denied will the FCC accept and consider competing applications for the vacated frequency. Also, during certain

periods when a renewal application is pending, the transferability of the applicant's license may be restricted. Historically, our licenses have been renewed without any conditions or sanctions imposed. However, there can be no assurance that the licenses of each of our stations will be renewed or will be renewed without conditions or sanctions.

The FCC classifies each AM and FM radio station. An AM radio station operates on either a clear channel, regional channel or local channel. A clear channel is one on which AM radio stations are assigned to serve wide areas, particularly at night. Clear channel AM radio stations are classified as either: (1) Class A radio stations, which operate unlimited time and are designed to render primary and secondary service over an extended area, or (2) Class B radio stations, which operate unlimited time and are designed to render service only over a primary service area. Class D radio stations, which operate either daytime, or unlimited time with low nighttime power, may operate on the same frequencies as clear channel radio stations. A regional channel is one on which Class B and Class D AM radio stations may operate and serve primarily a principal center of population and the rural areas contiguous to it. A local channel is one on which AM radio stations operate unlimited time and serve primarily a community and the suburban and rural areas immediately contiguous to it. A Class C AM radio station operates on a local channel and is designed to render service only over a primary service area that may be reduced as a consequence of interference.

The minimum and maximum facilities requirements for an FM radio station are determined by its class. Possible FM class designations depend upon the geographic zone in which the transmitter of the FM radio station is located. In general, commercial FM radio stations are classified as follows, in order of increasing power and antenna height: Class A, B1, C3, B, C2, C1 or C radio stations. The FCC has proposed to divide Class C stations into two subclasses based on antenna height. Stations not meeting the minimum height requirement within a three-year transition period would be downgraded automatically to the new Class C0 category.

The following table sets forth information with respect to each of our radio stations, including the additional radio stations we have agreed to purchase in Richmond. A broadcast station's market may be different from its community of license. "ERP" refers to the effective radiated power of an FM radio station. "HAAT" refers to the antenna height above average terrain of an FM radio station. "AI" refers to the above insulator measurement of an AM radio station. The coverage of an AM radio station is chiefly a function of the power of the radio station's transmitter, less dissipative power losses and any directional antenna adjustments. For FM radio stations, signal coverage area is chiefly a function of the ERP of the radio station's antenna and the HAAT of the radio station's antenna. The height of an AM radio station's antenna is measured by reference to AI and the height of an FM radio station's antenna is measured by reference to HAAT.

Market	Station Call Letters	Year of Acquisition	FCC Class	ERP (FM) Power (AM) in Kilowatts	HAAT (FM) AI (AM) in Meters	Operating Frequency	Expiration Date of FCC License
Washington, DC	WOL-AM	1980	C	1.0	52.1	1450 kHz	10/01/2003
	WMMJ-FM	1987	A	2.9	146.0	102.3 MHz	10/01/2003
	WKYS-FM	1995	B	24.0	215.0	93.9 MHz	10/01/2003
	WYCB-AM	1998	C	1.0	50.9	1340 kHz	10/01/2003
Baltimore	WWIN-AM	1992	C	1.0	61.0	1400 kHz	10/01/2003
	WWIN-FM	1992	A	3.0	91.0	95.9 MHz	10/01/2003
	WOLB-AM	1993	D	1.0	85.4	1010 kHz	10/01/2003
	WERQ-FM	1993	B	37.0	174.0	92.3 MHz	10/01/2003
Atlanta	WHTA-FM	1999	C3	7.9	175.0	97.5 MHz	04/01/2004
	WAMJ-FM	1999	C3	25.0	98.0	107.5 MHz	04/01/2004
Philadelphia	WPHI-FM	1997	A	0.3(/1/)	305.0	103.9 MHz	08/01/2006
Detroit	WDTJ-FM	1998	B	20.0	221.0	105.9 MHz	10/01/2004
	WCHB-AM	1998	B	25.0	49.4	1200 kHz	10/01/2004
	WJZZ-AM	1998	D	50.0(/2/)	59.7	1210 kHz	10/01/2004
	WDMK-FM	1998	B	50.0	152.0	102.7 MHz	10/01/2004
St. Louis	WFUN-FM	1999	A	6.0(/3/)	100.0	95.5 MHz	12/01/2003
Cleveland	WERE-AM	1999	B	5.0	128.0	1300 kHz	10/01/2004
	WENZ-FM	1999	B	16.0	272.0	107.9 MHz	10/01/2004
	WDYL-FM	1999	A	6.0	100.0	101.1 MHz	10/01/2003
Richmond	WKJS-FM	1999	C1	100.0	299.0	104.7 MHz	10/01/2003
	WARV-FM	1999	A	4.7	113.0	100.3 MHz	10/01/2003
	WCDX-FM	(pending)	B1	4.5	235.0	92.1 MHz	10/01/2003
	WPLZ-FM	(pending)	A	6.0	100.0	99.3 MHz	10/01/2003
	WJRV-FM	(pending)	A	2.3	162.0	105.7 MHz	10/01/2003
	WGCV-AM	(pending)	C	1.0	122.0	1240 kHz	10/01/2003
Boston	WBOT-FM	1999	A(/4/)	2.7	150.0	97.7 MHz	04/01/2006

- (/1/) WPHI-FM operates with facilities equivalent to 3 kW at 100 meters.  
(/2/) WJZZ-AM ceased broadcast operations on October 12, 1999.  
(/3/) WFUN-FM is authorized to upgrade to a Class C3 facility. WFUN-FM ceased broadcast operations on June 4, 1999.  
(/4/) WBOT-FM ceased broadcast operations on October 1, 1999.

Ownership Matters. The Communications Act requires prior approval of the FCC for the assignment of a broadcast license or the transfer of control of a corporation or other entity holding a license. In determining whether to approve an assignment of a radio broadcast license or a transfer of control of a broadcast licensee, the FCC considers, among other things:

- the financial and legal qualifications of the prospective assignee or transferee, including compliance with FCC restrictions on non-U.S. citizen or entity ownership and control;

- . compliance with FCC rules limiting the common ownership of certain "attributable" interests in broadcast and newspaper properties;
- . the history of compliance with FCC operating rules; and
- . the "character" qualifications of the transferee or assignee and the individuals or entities holding "attributable" interests in them.

To obtain the FCC's prior consent to assign or transfer a broadcast license, appropriate applications must be filed with the FCC. If the application to assign or transfer the license involves a substantial change in ownership or control of the licensee, for example, the transfer or acquisition of more than 50% of the voting stock, the application must be placed on public notice for a period of 30 days during which petitions to deny the application may be filed by interested parties, including members of the public. Informal objections may be filed any time until the FCC acts upon the application. If an assignment application does not involve new parties, or if a transfer of control application does not involve a "substantial change" in ownership or control, it is a pro forma application, which is not subject to the public notice and 30-day petition to deny procedure. The pro forma application is nevertheless subject to informal objections that may be filed any time until the FCC acts on the application. If the FCC grants an assignment or transfer application, interested parties have 30 days from public notice of the grant to seek reconsideration of that grant. The FCC usually has an additional ten days to set aside such grant on its own motion. When ruling on an assignment or transfer application, the FCC is prohibited from considering whether the public interest might be served by an assignment or transfer to any party other than the assignee or transferee specified in the application.

Under the Communications Act, a broadcast license may not be granted to or held by any corporation that has more than 20% of its capital stock owned or voted by non-U.S. citizens or entities or their representatives, by foreign governments or their representatives, or by non-U.S. corporations. Furthermore, the Communications Act provides that no FCC broadcast license may be granted to or held by any corporation directly or indirectly controlled by any other corporation of which more than 25% of its capital stock is owned of record or voted by non-U.S. citizens or entities or their representatives, or foreign governments or their representatives or by non-U.S. corporations, if the FCC finds the public interest will be served by the refusal or revocation of such license. These restrictions apply in modified form to other forms of business organizations, including partnerships and limited liability companies. Thus, the licenses for Radio One's stations could be revoked if more than 25% of Radio One's outstanding capital stock is issued to or for the benefit of non-U.S. citizens.

The FCC generally applies its other broadcast ownership limits to "attributable" interests held by an individual, corporation, partnership or other association or entity, including limited liability companies. In the case of a corporation holding broadcast licenses, the interests of officers, directors and those who, directly or indirectly have the right to vote five percent or more of the stock of a licensee corporation are generally deemed attributable interests, as are positions as an officer or director of a corporate parent of a broadcast licensee. The FCC treats all partnership interests as attributable, except for those limited partnership interests that under FCC policies are considered "insulated" from "material involvement" in the management or operation of the media-related activities of the partnership. The FCC currently treats limited liability companies like limited partnerships for purposes of attribution. Stock interests held by insurance companies, mutual funds, bank trust departments and certain other passive investors that hold stock for investment purposes only become attributable with the ownership of 10% or more of the voting stock of the corporation holding broadcast licenses. Effective as of November 16, 1999, however, stock interests of passive investors will be attributable only if the interest exceeds 20% of the voting stock of the corporation holding broadcast licenses.

To assess whether a voting stock interest in a direct or an indirect parent corporation of a broadcast licensee is attributable, the FCC uses a "multiplier" analysis in which non-controlling voting stock interests are deemed proportionally reduced at each non-controlling link in a multi-corporation ownership chain. A time

brokerage agreement with another radio station in the same market creates an attributable interest in the brokered radio station as well for purposes of the FCC's local radio station ownership rules, if the agreement affects more than 15% of the brokered radio station's weekly broadcast hours.

Debt instruments, non-voting stock, options and warrants for voting stock that have not yet been exercised, insulated limited partnership interests where the limited partner is not "materially involved" in the media-related activities of the partnership, and minority voting stock interests in corporations where there is a single holder of more than 50% of the outstanding voting stock whose vote is sufficient to affirmatively direct the affairs of the corporation, generally do not subject their holders to attribution.

However, the FCC recently adopted a new rule, known as the equity-debt-plus or EDP rule that causes certain creditors or investors to be attributable owners of a station, regardless of whether there is a single majority shareholder or other applicable exception to the FCC's attribution rules. Under this new rule, which becomes effective November 16, 1999, a major programming supplier or a same-market media entity will be an attributable owner of a station if the supplier or same-market media entity holds debt or equity, or both, in the station that is greater than 33% of the value of the station's total debt plus equity. For purposes of the EDP rule, equity includes all stock, whether voting or nonvoting, and equity held by insulated limited partners in limited partnerships. Debt includes all liabilities, whether long-term or short-term. A major programming supplier includes any programming supplier that provides more than 15% of the station's weekly programming hours. A same-market media entity includes any holder of an attributable interest in a media company, including broadcast stations, cable television and newspapers, located in the same market as the station, but only if the holder's interest is attributable under an FCC attribution rule other than the EDP rule. The FCC's rules also specify other exceptions to these general principles for attribution.

Communications Act and FCC rules generally restrict ownership, operation or control of, or the common holding of attributable interests in:

- . radio broadcast stations above certain limits servicing the same local market;
- . radio broadcast stations and television broadcast stations servicing the same local market; and
- . a radio broadcast station and a daily newspaper serving the same local market.

These rules include specific signal contour overlap standards to determine compliance, and the FCC defined market will not necessarily be the same market used by Arbitron, Nielsen or other surveys, or for purposes of the HSR Act. Under these "cross-ownership" rules, we, absent waivers, would not be permitted to own a radio broadcast station and acquire an attributable interest in any daily newspaper in the same market where we then owned any radio broadcast station. Our stockholders, officers or directors, absent a waiver, may not hold an attributable interest in a daily newspaper in those same markets.

The FCC's existing rules provide for the liberal grant of waiver of the rule prohibiting common ownership of radio and television stations in the same geographic market in the top 25 television markets if certain conditions are satisfied. As of November 16, 1999, the FCC's newly revised radio/television cross-ownership rule becomes effective. Under the revised radio/television cross-ownership rule, a single owner may own up to two television stations, consistent with the FCC's rules on common ownership of television stations, together with one radio station in all markets. In addition, an owner will be permitted to own additional radio stations, not to exceed the local ownership limits for the market, as follows:

- . In markets where 20 media voices will remain, an owner may own an additional five radio stations, or, if the owner only has one television station, an additional six radio stations; and
- . In markets where 10 media voices will remain, an owner may own an additional three radio stations.

A "media voice" includes each independently-owned and operating full power television and radio station and each daily newspaper that has a circulation exceeding 5% of the households in the market, plus one voice for all cable television systems operating in the market.

Although current FCC nationwide radio broadcast ownership rules allow one entity to own, control or hold attributable interests in an unlimited number of FM radio stations and AM radio stations nationwide, the Communications Act and the FCC's rules limit the number of radio broadcast stations in local markets in which a single entity may own an attributable interest as follows:

- . In a radio market with 45 or more commercial radio stations, a party may own, operate or control up to eight commercial radio stations, not more than five of which are in the same service (AM or FM).
- . In a radio market with between 30 and 44 (inclusive) commercial radio stations, a party may own, operate or control up to seven commercial radio stations, not more than four of which are in the same service (AM or FM).
- . In a radio market with between 15 and 29 (inclusive) commercial radio stations, a party may own, operate or control up to six commercial radio stations, not more than four of which are in the same service (AM or FM).
- . In a radio market with 14 or fewer commercial radio stations, a party may own, operate or control up to five commercial radio stations, not more than three of which are in the same service (AM or FM), except that a party may not own, operate, or control more than 50 percent of the radio stations in such market.

The FCC staff has notified the public of its intention to review transactions that comply with these numerical ownership limits but that might involve undue concentration of market share.

Under its "cross-interest" policy, the FCC has considered "meaningful" relationships among competing media outlets that serve "substantially the same area" even if the FCC's ownership rules do not specifically prohibit the relationship. Under this policy the FCC has considered whether to prohibit one party from holding an attributable interest and a substantial non-attributable interest (including non-voting stock, limited partnership and limited liability company interests) in a media outlet in the same market, or from entering into a joint venture or having common key employees with competitors. The FCC, however, has determined that the recently adopted EDP rule addresses many of the competitive concerns previously encompassed by its "cross-interest" policy. As a result, effective November 16, 1999, the FCC has eliminated its "cross-interest" policy. Nevertheless, the FCC has retained discretion to review individual cases that present unusual cross-interest relationships on a case-by-case basis.

Because of these multiple and cross-ownership rules, if a stockholder, officer or director of Radio One holds an "attributable" interest in Radio One, such stockholder, officer or director may violate the FCC's rules if such person or entity also holds or acquires an attributable interest in other television, radio stations or daily newspapers, depending on their number and location. If an attributable stockholder, officer or director of Radio One violates any of these ownership rules, we may be unable to obtain from the FCC one or more authorizations needed to conduct our radio station business and may be unable to obtain FCC consents for certain future acquisitions. As of September 30, 1999, no single stockholder held more than 50% of the total voting power of our common stock.

Programming and Operations. The Communications Act requires broadcasters to serve the "public interest." Since the late 1980s, the FCC has relaxed or eliminated many of the more formalized procedures it developed to promote the broadcast of certain types of programming responsive to the needs of a radio station's community of license. Nevertheless, a broadcast licensee continues to be required to present programming in response to community problems, needs and interests and to maintain certain records demonstrating its responsiveness. The FCC will consider complaints from listeners about a broadcast station's programming when it evaluates the licensee's renewal application, but listeners' complaints also may be filed and considered at any time. Stations also must pay regulatory and application fees, and follow various FCC rules that regulate, among other things, political advertising, the broadcast of obscene or indecent programming, sponsorship identification, the broadcast of contests and lotteries and technical operation.

The FCC has always required that licensees not discriminate in hiring practices, develop and implement programs designed to promote equal employment opportunities and submit reports to the FCC on these matters annually and in connection with each license renewal application. The FCC's employment rules, as they related to outreach efforts for recruitment of minorities, however, were struck down as unconstitutional by the U.S. Court of Appeals for the D.C. Circuit. The FCC has proposed revising the rules to adopt outreach efforts that are constitutional.

The FCC rules also prohibit a broadcast licensee from simulcasting more than 25% of its programming on another radio station in the same broadcast service (that is, AM/AM or FM/FM). The simulcasting restriction applies if the licensee owns both radio broadcast stations or owns one and programs the other through a local marketing agreement, provided that the contours of the radio stations overlap in a certain manner.

From time to time, complaints may be filed against Radio One's radio stations alleging violations of these or other rules. In addition, the FCC recently has proposed to establish a system of random audits to ensure and verify licensee compliance with FCC rules and regulations. Failure to observe these or other rules and policies can result in the imposition of various sanctions, including fines or conditions, the grant of "short" (less than the maximum eight year) renewal terms or, for particularly egregious violations, the denial of a license renewal application or the revocation of a license.

Local Marketing Agreements. Often radio stations enter into LMAs or time brokerage agreements. These agreements take various forms. Separately owned and licensed radio stations may agree to function cooperatively in programming, advertising sales and other matters, subject to compliance with the antitrust laws and the FCC's rules and policies, including the requirement that the licensee of each radio station maintain independent control over the programming and other operations of its own radio station. One type of time brokerage agreement is a programming agreement between two separately owned radio stations that serve a common service area whereby the licensee of one radio station programs substantial portions of the broadcast day of the other licensee's radio station, subject to ultimate control by the radio station licensee, and sells advertising time during these program segments. The FCC has held that such agreements do not violate the Communications Act as long as the licensee of the radio broadcast station that is being substantially programmed by another entity (1) remains ultimately responsible for, and maintains control over, the operation of its radio station, and (2) otherwise ensures the radio station's compliance with applicable FCC rules and policies.

A radio broadcast station that brokers time on another radio broadcast station or enters into a time brokerage agreement with a radio broadcast station in the same market will be considered to have an attributable ownership interest in the brokered radio station for purposes of the FCC's local ownership rules if the time brokerage arrangement covers more than 15% of the brokered station's weekly broadcast hours. As a result, a radio broadcast station may not enter into a time brokerage agreement that allows it to program more than 15% of the broadcast time, on a weekly basis, of another local radio broadcast station that it could not own under the FCC's local multiple ownership rules. Effective November 16, 1999, the FCC has revised this rule so that the attribution for radio time brokerage agreements will apply for all of the FCC's multiple ownership rules applicable to radio stations (daily newspaper/radio cross-ownership and radio/television cross-ownership) and not only the local radio ownership rules. Also, as described above, FCC rules prohibit a radio broadcast station from simulcasting more than 25% of its programming on another radio broadcast station in the same broadcast service (that is, AM/AM or FM/FM) where the two radio stations serve substantially the same geographic area, whether the licensee owns both radio stations or owns one radio station and programs the other through a time brokerage agreement. Thus far, the FCC has not considered what relevance, if any, a time brokerage agreement may have upon its evaluation of a licensee's performance at renewal time.

Joint Sales Agreements. Over the past few years, a number of radio stations have entered into cooperative arrangements commonly known as joint sales agreements or JSAs. While these agreements may take varying forms, under the typical JSA, a station licensee obtains, for a fee, the right to sell substantially all

of the commercial advertising on a separately-owned and licensed station in the same market. The typical JSA also customarily involves the provision by the selling party of certain sales, accounting and services to the station whose advertising is being sold. The typical JSA is distinct from a local marketing agreement in that a JSA normally does not involve programming.

The FCC has determined that issues of joint advertising sales should be left to enforcement by antitrust authorities, and therefore does not generally regulate joint sales practices between stations. Currently, stations for which another licensee sells time under a JSA are not deemed by the FCC to be an attributable interest of that licensee.

RF Radiation. In 1985, the FCC adopted rules based on a 1982 American National Standards Institute ("ANSI") standard regarding human exposure to levels of radio frequency ("RF") radiation. These rules require applicants for renewal of broadcast licenses or modification of existing licenses to inform the FCC at the time of filing such applications whether an existing broadcast facility would expose people to RF radiation in excess of certain limits. In 1992, ANSI adopted a new standard for RF exposure that, in some respects, was more restrictive in the amount of environmental RF exposure permitted. The FCC has since adopted more restrictive radiation limits which became effective October 15, 1997, and which are based in part on the revised ANSI standard.

Digital Audio Radio Service. The FCC allocated spectrum to a new technology, digital audio radio service ("DARS"), to deliver satellite-based audio programming to a national or regional audience and issued regulations for a DARS service in early 1997. DARS may provide a medium for the delivery by satellite or terrestrial means of multiple new audio programming formats with compact disc quality sound to local and national audiences. The nationwide reach of satellite DARS could allow niche programming aimed at diverse communities that Radio One is targeting. It is not known at this time whether this technology also may be used in the future by existing radio broadcast stations either on existing or alternate broadcasting frequencies. Two companies that hold licenses for authority to offer multiple channels of digital, satellite-delivered S-Band aural services could compete with conventional terrestrial radio broadcasting. The licensees will be permitted to sell advertising and lease channels in these media. The FCC's rules require that these licensees launch and begin operating at least one space station by 2001 and be fully operational by 2003.

The FCC has established a new Wireless Communications Service ("WCS") in the 2305-2320 and 2345-2360 MHz bands (the "WCS Spectrum") and awarded licenses. Licensees are generally permitted to provide any fixed, mobile, radio location services, or digital satellite radio service using the WCS Spectrum. Implementation of DARS would provide an additional audio programming service that could compete with Radio One's radio stations for listeners, but the effect upon Radio One cannot be predicted.

These satellite radio services use technology that may permit higher sound quality than is possible with conventional AM and FM terrestrial radio broadcasting.

Low Power Radio Broadcast Service. The FCC recently adopted a Notice of Proposed Rulemaking seeking public comment on a proposal to establish two classes of a low power radio service both of which would operate in the existing FM radio band: a primary class with a maximum operating power of 1 kW and a secondary class with a maximum power of 100 watts. These proposed low power radio stations would have limited service areas of 8.8 miles and 3.5 miles, respectively. The FCC also has sought public comment on the advisability of establishing a very low power secondary "microbroadcasting" service with a maximum power limit of one to ten watts. These "microradio" stations would have a service radius of only one to two miles. The service would target "niche markets" and be possibly supported by advertising revenue. Existing licensees, like Radio One, could be prohibited from owning or having a relationship with these new stations. Implementation of a low power radio service or microbroadcasting would provide an additional audio programming service that could compete with Radio One's radio stations for listeners, but the effect upon Radio One cannot be predicted.



## Subsidiaries and Related Entities

Radio One has title to most of the assets used in the operations of our radio stations. The FCC licenses for the radio stations in all cases are or will be held by direct or indirect wholly-owned subsidiaries of Radio One. In the case of all of the Baltimore stations, three of the Washington, D.C. stations, the Philadelphia station, the St. Louis station, the Cleveland stations and the Richmond stations, the FCC licenses are or will be held by Radio One Licenses, Inc., a Delaware corporation and a wholly-owned Restricted Subsidiary of Radio One. Radio One Licenses, Inc. holds no other material assets. WYCB Acquisition Corporation, a Delaware corporation and a wholly-owned Unrestricted Subsidiary, holds title to all of the outstanding capital stock of BHI, a District of Columbia corporation and an Unrestricted Subsidiary. The FCC licenses for WYCB-AM are held by BHI which also holds the assets used in the operation of that station. Bell Broadcasting, a Michigan corporation and a wholly-owned Restricted Subsidiary, holds the assets used in the operation of WCHB-AM, WDTJ-FM and WJZZ-AM. Bell Broadcasting holds title to all of the outstanding capital stock of Radio One of Detroit, Inc., a Delaware corporation and a Restricted Subsidiary. The FCC licenses for WCHB-AM, WDTJ-FM and WJZZ-AM are held by Radio One of Detroit, Inc. Radio One of Detroit, Inc. holds no other material assets.

Allur-Detroit, a Delaware corporation and a wholly-owned Restricted Subsidiary, holds the assets used in the operation of station WDMK-FM. Allur-Detroit holds title to all of the outstanding capital stock of Allur Licenses, Inc., a Delaware corporation and a Restricted Subsidiary. The FCC licenses for WDMK-FM are held by Allur Licenses, Inc. Allur Licenses, Inc. holds no other material assets.

ROA, a Delaware corporation and a wholly-owned Restricted Subsidiary, holds the assets used in the operation of station WHTA-FM and some assets used in the operation of station WAMJ-FM. ROA holds title to all of the outstanding capital stock of ROA Licenses, Inc., a Delaware corporation and a Restricted Subsidiary. The FCC licenses for WHTA-FM are held by ROA Licenses, Inc. ROA Licenses, Inc. holds no other material assets. Dogwood, a Delaware corporation and a wholly-owned Restricted Subsidiary, owns some of the assets used in the operation of station WAMJ-FM and all of the outstanding capital stock of Dogwood Licenses, Inc., a Delaware corporation and a Restricted Subsidiary. The FCC licenses for WAMJ-FM are held by Dogwood Licenses, Inc. Dogwood Licenses, Inc., holds no other material assets.

## Employees

As of September 30, 1999, we employed approximately 600 people. Our employees are not unionized. We have not experienced any work stoppages and believe relations with our employees are satisfactory. Each radio station has its own on-air personalities and clerical staff. However, in an effort to control broadcast and corporate expenses, we centralize certain radio station functions by market location. For example, in each of our markets we employ one General Manager who is responsible for all of our radio stations located in such market and our Vice President of Programming oversees programming for all of our urban-oriented FM radio stations.

## Legal Proceedings

We are 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. We believe the resolution of such matters will not have a material adverse effect on our business, financial condition or results of operations.

MANAGEMENT

Directors, Executive Officers and Other Significant Personnel

The names, ages and positions of the directors, executive officers and other significant personnel of Radio One are set forth in the table below. All directors serve for the term for which they are elected or until their successors are duly elected and qualified or until death, retirement, resignation or removal.

Name	Age as of 9/30/99	Position
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Catherine L. Hughes.....	52	Chairperson of the Board of Directors and Secretary
Alfred C. Liggins, III..	34	Chief Executive Officer, President, Treasurer, and Director
Scott R. Royster.....	35	Executive Vice President and Chief Financial Officer
Mary Catherine Sneed....	48	Chief Operating Officer
Linda J. Eckard.....	42	General Counsel and Assistant Secretary
Steve Hegwood.....	38	Vice President of Programming
Leslie J. Hartmann.....	37	Corporate Controller
Terry L. Jones.....	52	Director
Brian W. McNeill.....	43	Director
Larry D. Marcus.....	50	Director

Ms. Hughes has been Chairperson of the board of directors and Secretary of Radio One since 1980, and was Chief Executive Officer of Radio One from 1980 to 1997. She was one of the founders of Radio One's predecessor company in 1980. Since 1980, Ms. Hughes has worked in various capacities for Radio One including President, General Manager, General Sales Manager and talk show host. She began her career in radio as General Sales Manager of WHUR-FM, the Howard University-owned, urban-contemporary radio station. Ms. Hughes is also the mother of Mr. Liggins, Radio One's Chief Executive Officer, President, Treasurer and director.

Mr. Liggins has been Chief Executive Officer since 1997, and President, Treasurer and a director of Radio One since 1989. Mr. Liggins joined Radio One in 1985 as an Account Manager at WOL-AM. In 1987, he was promoted to General Sales Manager and promoted again in 1988 to General Manager overseeing Radio One's Washington, D.C. operations. After becoming President, Mr. Liggins engineered Radio One's expansion into other markets. Mr. Liggins is a graduate of the Wharton School of Business/Executive M.B.A. Program. Mr. Liggins is the son of Ms. Hughes, Radio One's Chairperson and Secretary.

Mr. Royster has been Executive Vice President of Radio One since 1997 and Chief Financial Officer of Radio One since 1996. Prior to joining Radio One, he served as an independent consultant to Radio One. From 1995 to 1996, Mr. Royster was a principal at TSG Capital Group, LLC, a private equity investment firm located in Stamford, Connecticut, which has been an investor in Radio One since 1987. Mr. Royster has also served as an associate and later a principal at Capital Resource Partners from 1992 to 1995, a private capital investment firm in Boston, Massachusetts. Mr. Royster is a graduate of Duke University and Harvard Business School.

Ms. Sneed has been Radio One's Chief Operating Officer since January 1998 and General Manager of ROA since 1995. Prior to joining Radio One, she held various positions with Summit Broadcasting including Executive Vice President of the Radio Division, and Vice President of Operations from 1992 to 1995. Ms. Sneed is a graduate of Auburn University.

Ms. Eckard has been General Counsel of Radio One since January 1998 and Assistant Secretary of Radio One since April 1999. Prior to joining Radio One as General Counsel, Ms. Eckard represented Radio One as outside counsel from July 1995 until assuming her current position. Ms. Eckard was a partner in the Washington, D.C. office of Davis Wright Tremaine LLP, from August 1997 to December 1997. Her practice focused on transactions and FCC regulatory matters. Prior to joining Davis Wright Tremaine LLP, Ms. Eckard

was a shareholder of Roberts & Eckard, P.C., a firm that she co-founded in April 1992. Ms. Eckard is a graduate of Gettysburg College, the National Law Center at George Washington University and the University of Glasgow. Ms. Eckard is admitted to the District of Columbia Bar and the Bar of the United States Supreme Court.

Mr. Hegwood has been the Vice President of Programming for Radio One and Program Director of WKYS-FM since 1995. From 1990 to 1995, Mr. Hegwood was Program Director of WJLB-FM in Detroit, Michigan.

Ms. Hartmann has been Controller of Radio One since 1997. Prior to joining Radio One, she served as Vice President and Market Controller for Bonneville International Corporation in Phoenix, Arizona from 1991 to 1997. Ms. Hartmann is a graduate of the University of California and has an M.B.A. degree from the University of Phoenix.

Mr. Jones has been a director of Radio One since 1995. Since 1990, Mr. Jones has been President of Syndicated Communications, Inc. ("Syncom I"), a communications venture capital investment company, and its wholly owned subsidiary, Syncom. He joined Syncom I in 1978 as a Vice President. Mr. Jones serves in various capacities, including director, president, general partner and vice president, for various other entities affiliated with Syncom I. He also serves on the board of directors of the National Association of Investment Companies, Delta Capital Corporation, Sun Delta Capital Access Center and the Southern African Enterprise Development Fund. Mr. Jones earned his B.S. degree from Trinity College, his M.S. from George Washington University and his M.B.A. from Harvard Business School.

Mr. McNeill has been a director of Radio One since 1995. Since 1986, Mr. McNeill has been a General Partner of Burr, Egan, Deleage & Co., a major private equity firm which specializes in investments in the communications and technology industries. He has served as a director in many private radio and television broadcasting companies such as Tichenor Media Systems, OmniAmerica Group, Panache Broadcasting and Shockley Communications. From 1979 to 1986, he worked at the Bank of Boston where he started and managed that institution's broadcast lending group. Mr. McNeill is a graduate of Holy Cross College and earned an M.B.A. from the Amos Tuck School at Dartmouth College.

Mr. Marcus became a director of Radio One in April 1999. Mr. Marcus is currently President of Peak Media L.L.C., which is the sole management member of Peak Media Holdings L.L.C., the owner of a television station in Johnstown, Pennsylvania, and the operator under a time brokerage agreement of a television station in Altoona, Pennsylvania. He is also an officer and director of Better Communications, Inc., a general partner of the owner of two television stations in Indiana. In 1989, Mr. Marcus became the Chief Financial Officer of River City Broadcasting, licensee of ten television stations and thirty-four radio stations located in medium to large markets. River City Broadcasting was sold to Sinclair Broadcasting in 1996. Mr. Marcus is also a director of Citation Computer Systems, Inc., a publicly traded NASDAQ company. Mr. Marcus is a graduate of City College of New York.

#### Committees of the Board of Directors

The board of directors has formed an Audit Committee and a Compensation Committee whose members are Mr. Jones and Mr. McNeill, neither of whom is an employee of Radio One.

#### Compensation of Directors and Executive Officers

##### Compensation of Directors

Our non-officer directors are reimbursed for all out-of-pocket expenses related to meetings attended. In addition, Mr. Marcus receives an annual stipend of \$24,000. Our other non-officer directors receive no additional compensation for their services as directors. Our officers who serve as directors do not receive compensation for their services as directors other than the compensation they receive as officers of Radio One.

Compensation of Executive Officers

The following information relates to compensation of our Chief Executive Officer and each of our most highly compensated executive officers (the "Named Executives") for the fiscal years ended December 31, 1998, 1997 and 1996 (as applicable):

Summary Compensation Table

Name and Principal Positions	Annual Compensation			All Other Compensation
	Year	Salary	Bonus	
Catherine L. Hughes..... Chairperson of the Board of Directors and Secretary	1998	\$225,000	\$100,000	\$ 3,232
	1997	193,269	50,000	3,050
	1996	150,000	31,447	18,321
Alfred C. Liggins, III..... Chief Executive Officer, President, Treasurer and Director	1998	225,000	100,000	3,567
	1997	193,269	50,000	3,125
	1996	150,000	--	19,486
Scott R. Royster..... Executive Vice President and Chief Financial Officer	1998	165,000	50,000	n/a
	1997	148,077	25,000	n/a
	1996	55,577(1)	--	n/a
Mary Catherine Sneed..... Chief Operating Officer	1998	200,000	50,000	n/a
Linda J. Eckard..... General Counsel	1998	150,000	25,000	n/a

(1) Mr. Royster provided consulting services for Radio One in July 1996 and joined Radio One as an employee in August 1996. Disclosed compensation represents consulting fees received by Mr. Royster and the portion of his \$125,000 annual salary paid during 1996.

Employment Agreements

Ms. Catherine L. Hughes Employment Agreement. We anticipate entering into a three-year employment agreement with Ms. Hughes pursuant to which Ms. Hughes will continue to serve as Radio One's Chairperson of the board of directors. Ms. Hughes will receive an annual base salary of \$250,000 effective January 1, 1999, subject to an annual increase of not less than 5%, and an annual cash bonus at the discretion of the board of directors. We could incur severance obligations under the expected terms of the employment agreement in the event that Ms. Hughes's employment is terminated.

Mr. Alfred C. Liggins, III Employment Agreement. We anticipate entering into a three-year employment agreement with Mr. Liggins pursuant to which Mr. Liggins will continue to serve as Radio One's Chief Executive Officer and President. Mr. Liggins will receive an annual base salary of \$300,000 effective January 1, 1999, subject to an annual increase of not less than 5%, and an annual cash bonus at the discretion of the board of directors. Radio One could incur severance obligations under the expected terms of the employment agreement in the event that Mr. Liggins's employment is terminated.

Mr. Scott R. Royster Employment Agreement. We are party to a three-year employment agreement with Mr. Royster pursuant to which Mr. Royster serves as our Chief Financial Officer and Executive Vice President. Under the terms of the employment agreement Mr. Royster receives an annual base salary of \$200,000 effective January 1, 1999, subject to an annual increase of not less than 5%, and an annual cash bonus at the discretion of the board of directors. Pursuant to the employment agreement, Mr. Royster also received a one-time cash bonus of \$60,000 upon completion of our initial public offering in May 1999. Mr. Royster has also received a one-time restricted stock award of 51,194 shares of our class C common stock and an option to purchase 18,646 shares of our class A common stock at an exercise price of \$24.00 per share (subject to certain adjustments). Twenty-five percent of the stock granted pursuant to the stock award vested on the date of grant;

the remaining stock will vest in equal increments every month beginning February 28, 1999 and ending December 31, 2001. The options will vest in equal monthly increments during the term of the employment agreement beginning May 31, 1999. We could incur severance obligations under the expected terms of the employment agreement in the event that Mr. Royster's employment is terminated.

Ms. Mary Catherine Sneed Employment Agreement. We are party to an employment agreement with Ms. Sneed pursuant to which she was hired to serve as Radio One's Chief Operating Officer. The employment agreement provides that Ms. Sneed will receive an annual base salary of \$220,000 and an annual cash bonus of up to \$50,000, contingent upon the satisfaction of certain performance criteria. We could incur certain severance obligations under the employment agreement in the event that Ms. Sneed's employment is terminated. If, during the term of the employment agreement, we terminate Ms. Sneed's employment without just cause or following a change of control of Radio One, Ms. Sneed will continue to receive her base salary for a period of twelve months, during the first six months of which she will be subject to certain non-compete restrictions.

Ms. Linda J. Eckard Employment Agreement. We anticipate entering into an employment agreement with Ms. Eckard pursuant to which Ms. Eckard will continue to serve as our General Counsel. Under the expected terms of the employment agreement, Ms. Eckard will receive an annual base salary of \$175,000 effective January 1, 1999, subject to an annual increase of not less than 5%, an annual cash bonus at the discretion of the board of directors. Ms. Eckard received a one-time cash bonus of \$40,000 upon completion of our initial public offering in May 1999. Ms. Eckard also received an option to purchase 31,077 shares of our class A common stock at an exercise price of \$24.00 per share (subject to certain adjustments). We could incur severance obligations under the expected terms of the employment agreement in the event that Ms. Eckard's employment is terminated.

#### 401(k) Plan

We adopted a defined contribution 401(k) savings and retirement plan effective August 1, 1994. Employees are eligible to participate after completing 90 days of service and attaining age 21. Participants may contribute up to 15% of their gross compensation subject to certain limitations.

#### Stock Option Plan

On March 10, 1999, we adopted an option plan designed to provide incentives relating to equity ownership to present and future executive, managerial and other key employees, directors and consultants of Radio One and our subsidiaries as may be selected in the sole discretion of the board of directors. The option plan provides for the granting to participants of stock options and restricted stock grants as the Compensation Committee of the board of directors, or such other committee of the board of directors as the board of directors may designate (the "Committee") deems to be consistent with the purposes of the option plan. An aggregate of 1,408,100 shares of common stock have been reserved for issuance under the option plan. The option plan affords Radio One latitude in tailoring incentive compensation for the retention of key personnel, to support corporate and business objectives, and to anticipate and respond to a changing business environment and competitive compensation practices. As of September 30, 1999, we have granted options to purchase 207,204 shares of class A common stock having a weighted average exercise price of \$24.00 per share.

The Committee has exclusive discretion to select the participants, to determine the type, size and terms of each award, to modify the terms of awards, to determine when awards will be granted and paid, and to make all other determinations which it deems necessary or desirable in the interpretation and administration of the option plan. The option plan terminates ten years from the date that the option plan was approved and adopted by the stockholders of Radio One. Generally, a participant's rights and interest under the option plan are not transferable except by will or by the laws of descent and distribution.

Options, which include non-qualified stock options and incentive stock options, are rights to purchase a specified number of shares of common stock at a price fixed by the Committee. The option price may be less than, equal to or greater than the fair market value of the underlying shares of common stock, but in no event will the exercise price of an incentive stock option be less than the fair market value on the date of grant. Options will expire not later than ten years after the date on which they are granted. Options will become exercisable at such times and in such installments as the Committee shall determine. Upon termination of a participant's employment with Radio One, options that are not exercisable will be forfeited immediately and Options that are exercisable will be forfeited on the ninetieth day following such termination unless exercised by the participant. Payment of the option price must be made in full at the time of exercise in such form (including, but not limited to, cash or common stock of Radio One) as the Committee may determine.

Grants are awards of restricted common stock at no cost to participants and are generally subject to vesting provisions as determined by the Committee. Upon termination of a participant's employment with Radio One, grants that are not vested will be forfeited immediately.

In the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, distribution of assets, or any other change in the corporate structure or shares of Radio One, the Committee will make any adjustments it deems appropriate in the number and kind of shares reserved for issuance upon the exercise of options and vesting of grants under the option plan and in the exercise price of outstanding options.

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

### Mableton Option

Mr. Liggins, the Chief Executive Officer and President of Radio One, has a right, which he obtained in 1995, (the "Mableton Option") to acquire an interest in a construction permit for an FM radio station licensed to Mableton, Georgia (the "Mableton Station") which is in the Atlanta MSA. Mr. Liggins and the principals of Syncom, Herbert P. Wilkins, Terry L. Jones and Duane McKnight, have reached an agreement to provide initial funding to satisfy the requirements of the Mableton Option. Syncom has provided this funding, a portion of which will be reimbursed to Syncom by Mr. Liggins. Terry L. Jones is also a member of Radio One's board of directors. Mr. Liggins has also proposed that Radio One, most likely through ROA, enter into an LMA with respect to the Mableton Station, or otherwise participate in the operations and financing of the Mableton Station. Any such arrangement will be on terms at least as favorable to Radio One as any such transaction with an unaffiliated third party.

### Office Lease

We lease office space located at 100 St. Paul Street, Baltimore, Maryland from Chalrep Limited Partnership, a limited partnership controlled by Ms. Hughes and Mr. Liggins. The annual rent for the office space is \$152,400. We believe that the terms of this lease are not materially different than if the agreement were with an unaffiliated third party.

### Music One, Inc.

Ms. Hughes and Mr. Liggins own a music company called Music One, Inc. We sometimes engage in promoting the recorded music product of Music One, Inc. We estimate that the dollar value of such promotion is nominal.

### Allur-Detroit

Allur-Detroit leases the transmitter site for WDMK-FM from American Signalling Corporation for approximately \$72,000 per year. American Signalling Corporation is a wholly-owned subsidiary of Syncom Venture Partners. We believe that the terms of this lease are not materially different than if the agreement were with an unaffiliated third party.

### XM Satellite, Inc.

Radio One and XM Satellite Radio, Inc. have entered into a Programming Partner Agreement whereby we will provide programming to XM Satellite Radio, Inc. for distribution over satellite-delivered channels. Worldspace, Inc. held 20% of the stock of XM Satellite Radio, Inc. Syncom Venture Partners owns approximately 1.25% of the stock of Worldspace, Inc. Terry L. Jones, a director of Radio One, is also a director of Worldspace, Inc.

### Radio One of Atlanta, Inc.

On March 30, 1999, we acquired all of the outstanding capital stock of ROA. ROA's stockholders included Alta Subordinated Debt Partners III, L.P. ("Alta"), Syncom Venture Partners, and Alfred C. Liggins, III. Mr. Brian W. McNeill, a general partner of Alta, is also a member of Radio One's board of directors. Alta is one of the selling stockholders and will hold approximately % of the class A common stock after completion of the offering. Terry L. Jones, a general partner of the general partner of Syncom Venture Partners, is also a member of Radio One's board of directors and is the President of Syncom and Syncom I. Syncom will hold approximately % of the class A common stock after completion of this offering.

Radio One issued approximately 3.3 million shares of common stock in exchange for the outstanding capital stock of ROA. Alta, Syncom Venture Partners and Mr. Liggins received a majority of such shares in exchange for their shares in ROA. In connection with this transaction, Mr. Liggins was paid a fee of approximately \$1.2 million for arranging the acquisition. Also, as part of this transaction, Radio One assumed and retired debt and accrued interest of approximately \$16.3 million of ROA and Dogwood. Of this amount, approximately \$12.0 million was paid to Allied Capital Corporation, approximately \$1.3 million was paid to Syncom Venture Partners, and approximately \$2.0 million was paid to Alta.

The board of directors authorized the formation of an ad-hoc committee to oversee the valuation of ROA. The ad-hoc committee members were Catherine L. Hughes of Radio One, Sanford Anstey of BancBoston Investments, Inc. and Dean Pickereell of Medallion Capital, Inc. (formerly Capital Dimensions Venture Fund, Inc.). The committee was comprised of members of the board of directors of, and investors in, Radio One that did not have an interest in ROA.

The ad-hoc committee recommended approval of the acquisition of ROA based upon its determination that the acquisition was fair to Radio One and its stockholders.

#### Executive Officers' Loans

We have extended an unsecured loan to Mr. Liggins in the amount of \$380,000, which bears interest at an annual rate of 5.56% and is evidenced by a demand promissory note. As of September 30, 1999, the aggregate outstanding principal and interest amount on this loan was \$405,798. The purpose of the loan was to repay a loan that Mr. Liggins obtained from NationsBank, Texas, N.A. in 1997 to purchase an additional interest in Radio One.

ROA has extended an unsecured loan to Mary Catherine Sneed, Chief Operating Officer of Radio One, in the original amount of \$262,539, which bears interest at an annual rate of 5.56% and is evidenced by two demand promissory notes. As of September 30, 1999, the aggregate outstanding principal and interest amount on this loan was \$270,514. The purpose of this loan was to pay Ms. Sneed's tax liability with respect to incentive stock grants of ROA stock received by Ms. Sneed.

We have extended an unsecured loan to Mr. Royster in the amount of \$87,564, which bears interest at an annual rate of 5.56% and is evidenced by a demand promissory note. As of September 30, 1999, the aggregate outstanding principal and interest on this loan was \$88,787. The purpose of this loan was to pay Mr. Royster's tax liability with respect to the restricted stock grant that we made to Mr. Royster.



SELLING STOCKHOLDERS

The following table sets forth with respect to each of the selling stockholders (1) the number of shares of class A common stock held by that selling stockholder prior to the offering, (2) the number of shares of class A common stock to be sold by that selling stockholder in the offering, (3) the amount of class A common stock that the selling stockholder will hold after completion of the offering, and (4) the percentage of the outstanding class A common stock that the selling stockholder will hold after completion of the offering, without giving effect to the exercise of the underwriters' over-allotment option.

Name of Selling Stockholder	Number of Shares of Class A Common Stock Held Prior to the Offering	Number of Shares of Class A Common Stock to be Sold in the Offering	Number of Shares of Class A Common Stock Held After Completion of the Offering	Percentage of Class A Common Stock Held After Completion of the Offering
BancBoston Investments, Inc. ....	437,833			
Alta Subordinated Debt Partners III, L.P.....	491,618			
Fulcrum Venture Capital Corporation.....	273,420			
Total	-----			

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of our common stock as of October 22, 1999 and after giving effect to this offering, but without giving effect to the exercise of the underwriters' over-allotment option, by: (1) each person (or group of affiliated persons) known by us to be the beneficial owner of more than five percent of any class of common stock; (2) each Named Executive; (3) each of our directors; (4) the selling stockholders; (5) all of our directors and officers as a group. The number of shares of each class of common stock excludes the shares of any other class of common stock issuable upon conversion of that class of common stock. Unless otherwise indicated in the footnotes below, each stockholder possesses sole voting and investment power with respect to the shares listed. Information with respect to the beneficial ownership of shares has been provided by the stockholders.

Name of Beneficial Owner	Common Stock						Percent of Total Economic Interest	Percent of Total Voting Power
	Class A		Class B		Class C			
	Number of Shares	Percent of Class	Number of Shares	Percent of Class	Number of Shares	Percent of Class		
Catherine L. Hughes(/1/) c/o Radio One 5900 Princess Garden Parkway 8th Floor Lanham, Maryland 20706	1,000	0.006%	851,536	29.6%	1,704,740	53.4%	11.6%	19.0%
Alfred C. Liggins, III(/1/) c/o Radio One 5900 Princess Garden Parkway 8th Floor Lanham, Maryland 20706	38,036	0.2	2,010,308	70.0	1,419,646	44.4	15.7	45.0
Scott R. Royster(/2/) c/o Radio One 5900 Princess Garden Parkway 8th Floor Lanham, Maryland 20706	5,627	0.04	--	--	49,191	1.5	0.2	0.01
Linda J. Eckard(/3/) c/o Radio One 5900 Princess Garden Parkway 8th Floor Lanham, Maryland 20706	8,769	0.1	--	--	--	--	0.04	0.02
Mary Catherine Sneed c/o Radio One 5900 Princess Garden Parkway, 8th Floor, Lanham, Maryland 20706	230,922	1.4	--	--	--	--	1.0	0.5
Terry L. Jones(/4/) c/o Syncom Capital Corporation 8401 Colesville Road Suite 300 Silver Spring, MD 20910	1,185,079	7.4	--	--	--	--	5.4	2.6
Brian W. McNeill(/5/) c/o Burr, Egan, Deleage & Co. One Post Office Square, Boston, MA 02109	968,898	6.0	--	--	--	--	4.4	2.2
Larry D. Marcus 248 Gay Avenue Clayton, MO 63105	2,500	0.02	--	--	--	--	0.01	0.01
Alta Subordinated Debt Partners III, L.P. c/o Burr, Egan, Deleage & Co. One Post Office Square Boston, MA 02109	954,681	6.0	--	--	--	--	4.3	2.1
BancBoston Investments, Inc. 100 Federal Street 32nd Floor Boston, MA 02110	437,910	2.7	--	--	--	--	2.0	1.0
Fulcrum Venture Capital Corporation 300 Corporate Point Suite 380 Culver City, CA 90230	273,420	1.7	--	--	--	--	1.2	0.6

Syncom Capital Corporation.....	1,026,861	6.4	--	--	--	--	4.6	2.3
8401 Colesville Road Suite 300 Silver Spring, MD 20910								
Syndicated Communications Venture Partners.....	157,318	1.0	--	--	--	--	0.7	0.4
8401 Colesville Road Suite 300 Silver Spring, MD 20910								
All Directors and Named Executives as a group (8 persons).....	2,435,831	15.2	2,861,844	99.6	3,173,577	99.3	38.33	69.4

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- (/1/) Ms. Hughes and Mr. Liggins may be deemed to share beneficial ownership of shares of capital stock owned by each other by virtue of the fact that Ms. Hughes is Mr. Liggins' mother. Each of Ms. Hughes and Mr. Liggins disclaims such beneficial ownership. The shares of class B common stock are subject to a voting agreement between Ms. Hughes and Mr. Liggins with respect to the election of Radio One's directors.
  - (/2/) Includes 4,662 shares of class A common stock obtainable upon the exercise of stock options exercisable within 60 days of October 22, 1999.
  - (/3/) Includes 7,769 shares of class A common stock obtainable upon the exercise of stock options exercisable within 60 days of October 22, 1999.
  - (/4/) Includes 1,026,861 shares of class A common stock held by Syncom Capital Corporation, 157,318 shares of class A common stock held by Wilkins & Jones LP, and 300 shares of class A common stock held by each of Mr. Jones' daughters. Mr. Jones is the President of Syncom and may be deemed to share beneficial ownership of shares of class A common stock held by Syncom by virtue of his affiliation with Syncom. Mr. Jones disclaims beneficial ownership in such shares. Mr. Jones is a general partner of Wilkins & Jones LP and may be deemed to share beneficial ownership of class A common stock held by Wilkins & Jones LP by virtue of his affiliation with Wilkins & Jones LP. Mr. Jones disclaims beneficial ownership of such shares.
  - (/5/) Includes 14,217 shares of class A common stock held by Mr. McNeill and 954,681 shares of class A common stock held by Alta. Mr. McNeill is a general partner of Alta and Mr. McNeill may be deemed to share beneficial ownership of shares of class A common stock and existing preferred stock held by Alta by virtue of his affiliation with Alta. Mr. McNeill disclaims any beneficial ownership of such shares.

## DESCRIPTION OF CAPITAL STOCK

The following description of our capital stock gives effect to the consummation of the transactions contemplated under "Capitalization," which will occur prior to or simultaneously with the proposed sale of 4,000,000 shares of class A common stock by Radio One in this offering. Our capital stock consists of (1) 90,000,000 authorized shares of common stock, \$0.001 par value per share, which consists of (a) 30,000,000 shares of class A common stock, of which 16,034,397 shares are outstanding ( shares assuming the underwriters overallotment option is exercised), (b) 30,000,000 shares of class B common stock, of which 2,873,083 shares are outstanding, and (c) 30,000,000 shares of class C common stock, of which 3,195,063 shares are outstanding, and (2) 290,000 authorized shares of preferred stock, par value \$0.01 per share, which consists of 140,000 shares of series A preferred stock, none of which is outstanding and 150,000 shares of series B preferred stock, none of which is outstanding. The following is summary of the material provisions of our certificate of incorporation, which is filed as an exhibit to the Registration Statement of which this prospectus is a part.

### Class A Common Stock

The holders of class A common stock are entitled to one vote for each share held on all matters voted upon by stockholders, including the election of directors and any proposed amendment to the certificate of incorporation. The holders of class A common stock are entitled to vote as a class to elect two independent directors to the board of directors. The holders of class A common stock will be entitled to such dividends as may be declared at the discretion of the board of directors out of funds legally available for that purpose. The holders of class A common stock will be entitled to share ratably with all other classes of common stock in the net assets of Radio One upon liquidation after payment or provision for all liabilities. All shares of class A common stock may be converted at any time into a like number of shares of class C common stock at the option of the holder of such shares. All shares of class A common stock issued pursuant to the offering will be fully paid and non-assessable.

### Class B Common Stock

The holders of class B common stock are entitled to the same rights, privileges, benefits and notices as the holders of class A common stock, except that the holders of class B common stock will be entitled to ten votes per share. All shares of class B common stock may be converted at any time into a like number of shares of class A common stock at the option of the holder of such shares. Catherine L. Hughes and Alfred C. Liggins, III may transfer shares of class B common stock held by them only to "Class B Permitted Transferees," and Class B Permitted Transferees may transfer shares of class B common stock only to other Class B Permitted Transferees. If any shares of class B common stock are transferred to any person or entity other than a Class B Permitted Transferee, such shares will automatically be converted into a like number of shares of class A common stock. "Class B Permitted Transferees" include Ms. Hughes, Mr. Liggins, their respective estates, spouses, former spouses, parents or grandparents or lineal descendants thereof, and certain trusts and other entities for the benefit of, or beneficially owned by, such persons. Ms. Hughes and Mr. Liggins have agreed to vote their shares of common stock to elect each other and other mutually agreeable nominees to the board of directors. See "Risk Factors--Controlling Stockholders."

### Class C Common Stock

The holders of class C common stock are entitled to the same rights, privileges, benefits and notices as the holders of class A common stock and class B common stock, except that the holders of class C common stock will be entitled to no votes per share. All shares of class C common stock may be converted at any time into a like number of shares of class A common stock at the option of the holder of such shares, except that Class B Permitted Transferees may convert shares of class C common stock into shares of class A common stock, or otherwise acquire shares of class A common stock, only in connection with:

- . a merger or consolidation of Radio One with or into, or other acquisition of, another entity pursuant to which the Class B Permitted Transferees are to receive shares of class A common stock in exchange for their interest in such entity;

- . the transfer of such shares of class A common stock to a person or entity other than a Class B Permitted Transferee; or
- . a registered public offering of such shares of class A common stock.

#### Foreign Ownership

Radio One's certificate of incorporation restricts the ownership, voting and transfer of our capital stock, including the class A common stock, in accordance with the Communications Act and the rules of the FCC, which prohibit the issuance of more than 25% of our outstanding capital stock (or more than 25% of the voting rights such stock represents) to or for the account of aliens (as defined by the FCC) or corporations otherwise subject to domination or control by aliens. Our certificate of incorporation prohibits any transfer of our capital stock that would cause a violation of this prohibition. In addition, the certificate of incorporation authorizes the board of directors to take action to enforce these prohibitions, including restricting the transfer of shares of capital stock to aliens and placing a legend restricting foreign ownership on the certificates representing the class A common stock.

#### Registration Rights

The holders of substantially all of the shares of class A common stock outstanding prior to our initial public offering, other than Mr. Liggins, are parties to registration rights agreements with us. These agreements, which relate to approximately 3.3 million shares of class A common stock, provide incidental or "piggyback" registration rights that allow such holders, under certain circumstances, to include their shares of class A common stock in registration statements initiated by Radio One or other stockholders. Under these agreements, the holders of class A common stock may require us to register their shares under the Securities Act for offer and sale to the public (including by way of an underwritten public offering) on up to four occasions. These agreements also permit demand registrations on Form S-3 registration statements provided that we are eligible to register our capital stock on Form S-3. All such registration rights are subject to conditions and limitations, including the right of the underwriters of an offering to limit the number of shares to be included in a registration. The holders of these registration rights have waived their "piggyback" registration rights with respect to the offering.

#### Limitations on Directors' and Officers' Liability

Radio One's certificate of incorporation limits the liability of directors to the maximum extent permitted by Delaware law, which specifies that a director of a company adopting such a provision will not be personally liable for monetary damages for breach of fiduciary duty as a director, except for the liability (1) for any breach of the director's duty of loyalty to Radio One or its stockholders; (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (3) for unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or (4) for any transaction from which the director derived an improper personal benefit.

Radio One's certificate of incorporation provides for mandatory indemnification of directors and officers and authorizes indemnification for employees and agents in such manner, under such circumstances and to the fullest extent permitted by the Delaware General Corporation Law, which generally authorizes indemnification as to all expenses incurred or imposed as a result of actions, suits or proceedings if the indemnified parties act in good faith and in a manner they reasonably believe to be in or not opposed to the best interests of Radio One. We believe these provisions are necessary or useful to attract and retain qualified persons as directors. Radio One maintains directors and officers insurance for the benefit of its directors and officers.

There is no pending litigation or proceeding involving a director or officer as to which indemnification is being sought.

Transfer Agent and Registrar

American Stock Transfer & Trust Company is our transfer agent and registrar.

DESCRIPTION OF INDEBTEDNESS

Bank Credit Facility

On February 26, 1999, we entered into an amended and restated credit agreement providing for a bank credit facility under which we may borrow up to \$100 million on a revolving basis from a group of banking institutions. Draw downs under the bank credit facility are currently available, subject to compliance with provisions of the credit agreement, including but not limited to the financial covenants. Specifically, borrowings under the bank credit facility may be entirely of Eurodollar Loans, Alternate Base Rate ("ABR") Loans or a combination thereof. The bank credit facility will be fully available until a maturity date of December 31, 2003. No commitment reductions under the bank credit facility will occur until the final maturity date, provided that Radio One does not acquire or issue additional indebtedness or Disqualified Stock (as such term is defined in the credit agreement).

The bank credit facility terminates on December 31, 2003, at which time any outstanding principal together with all accrued and unpaid interest thereon would become due and payable. All amounts under the bank credit facility are guaranteed by each of Radio One's direct and indirect subsidiaries other than WYCB Acquisition Corporation and Broadcast Holdings, Inc.

The bank credit facility is secured by a perfected first priority secured interest in: (1) substantially all of the tangible and intangible assets of Radio One and our direct and indirect subsidiaries including, without limitation, any and all FCC licenses to the maximum extent permitted by law and (2) all of the common stock of Radio One and our direct and indirect subsidiaries, including all warrants or options and other similar securities to purchase such securities. Radio One also granted a security interest in all money (including interest), instruments and securities at any time held or acquired in connection with a cash collateral account established pursuant to the credit agreement, together with all proceeds thereof.

The interest rates on the borrowings under the bank credit facility are based on the ratio of total debt to EBITDA, with a maximum margin above ABR of 1.625% with respect to ABR Loans, and a maximum margin above Eurodollar rate 2.625% with respect to Eurodollar Loans. Interest on Eurodollar Loans is based on a 360-day period for actual days elapsed, and interest on ABR Loans is based on a 365-day period for actual days elapsed. In addition, Radio One will pay a commitment fee equal to an amount based on the average daily amount of the available commitment computed at a rate per year tied to a leverage ratio in effect for the fiscal quarter preceding the date of payment of such fee. The commitment fee is fully earned and non-refundable and is payable quarterly in arrears on the last business day of each March, June, September and December and on the maturity date.

The credit agreement contains customary and appropriate affirmative and negative covenants including, but not limited to, financing covenants and other covenants including limitations on other indebtedness, liens, investments, guarantees, restricted payments (dividends, redemptions and payments on subordinated debt), prepayment or repurchase of other indebtedness, mergers and acquisitions, sales of assets, capital expenditures, losses, transactions with affiliates and other provisions customary and appropriate for financing of this type, including mutually agreed upon exceptions and baskets. The financial covenants include:

- . a maximum ratio of total debt to EBITDA of 7.0x;
- . a maximum ratio of senior debt to EBITDA of 3.75x;
- . a minimum interest coverage ratio; and
- . a minimum fixed charge coverage ratio.

The credit agreement contains the following customary events of default:

- . failure to make payments when due;
- . defaults under any other agreements or instruments of indebtedness;
- . noncompliance with covenants;
- . breaches of representations and warranties;
- . voluntary or involuntary bankruptcy or liquidation proceedings;
- . entrance of judgments;
- . impairment of security interests in collateral; and
- . changes of control.

#### 12% Notes Due 2004

On May 15, 1997, we entered into an approximate \$85.0 million aggregate principal amount offering (the "12% notes offering") of our 12% Senior Subordinated Notes (the "12% notes due 2004"). The 12% notes offering has an aggregate initial accreted value of approximately \$75.0 million, as of Maturity Date May 15, 2004.

The 12% notes due 2004 were issued pursuant to an indenture, dated as of May 15, 1997 among Radio One, Radio One Licenses, Inc. and United States Trust Company of New York (the "12% notes indenture"). The 12% notes due 2004 are generally unsecured obligations of Radio One and are subordinated in rights of payment to all Senior Indebtedness (as defined in the 12% notes indenture). All of our Restricted Subsidiaries are Subsidiary Guarantors of the 12% notes due 2004.

The 12% notes due 2004 were issued at a substantial discount from their principal amount. The issue price to investors per note was \$877.42, which represents a yield to maturity on the 12% notes due 2004 of 12.0% calculated from May 19, 1997 (computed on a semi-annual bond equivalent basis).

Cash interest on the 12% notes due 2004 accrues at a rate of 7.0% per annum on the principal amount of the 12% notes due 2004 through and including May 15, 2000, and at a rate of 12.0% per annum on the principal amount of the 12% notes due 2004 after such date. Cash interest on the 12% notes due 2004 is currently payable semi-annually on May 15 and November 15 of each year.

The 12% notes due 2004 are redeemable at any time and from time to time at the option of Radio One, in whole or in part, on or after May 15, 2001 at the redemption prices set forth in the 12% notes due 2004, plus accrued and unpaid interest to the date of redemption. In addition, on or prior to May 15, 2000, Radio One may redeem, at our option, up to 25.0% of the aggregate original principal amount of the 12% notes due 2004 with the net proceeds of one or more Public Equity Offerings at 112% of the Accreted Value thereof, together with accrued and unpaid interest, if any, to the date of redemption, as long as at least approximately \$64.1 million of the aggregate principal amount of the 12% notes due 2004 remains outstanding after each such redemption. Upon a Change of Control (as defined in the 12% notes indenture), we must commence an offer to repurchase the 12% notes due 2004 at 101% of the Accreted Value thereof, plus accrued and unpaid interest, if any, to the date of repurchase.

The 12% notes indenture contains certain restrictive covenants with respect to Radio One and our Restricted Subsidiaries, including limitations on: (a) the sale of assets, including the equity interests of our Restricted Subsidiaries, (b) asset swaps, (c) the payment of Restricted Payments (as defined in the 12% notes indenture), (d) the incurrence of indebtedness and issuance of preferred stock by us or our Restricted Subsidiaries, (e) the issuance of Equity Interests (as defined in the 12% notes indenture) by a Restricted Subsidiary, (f) the payment of dividends on our capital stock and the purchase, redemption or retirement of our



capital stock or subordinated indebtedness, (g) certain transactions with affiliates, (h) the incurrence of senior subordinated debt and (i) certain consolidations and mergers. The 12% notes indenture also prohibits certain restrictions on distributions from Restricted Subsidiaries. All of these limitations and prohibitions, however, are subject to a number of important qualifications.

The 12% notes indenture includes various events of default customary for such type of agreements, such as failure to pay principal and interest when due on the 12% notes due 2004, cross defaults on other indebtedness and certain events of bankruptcy, insolvency and reorganization.

#### SHARES ELIGIBLE FOR FUTURE SALE

The market price of our class A common stock could decline as a result of future sales of substantial amounts of class A common stock, or the perception that such sales could occur. Furthermore, certain of our existing stockholders have the right to require us to register their shares, which may facilitate their sale of shares in the public market.

Upon completion of this offering, we will have 16,034,397 shares of class A common stock, 2,873,084 shares of class B common stock and 3,195,064 shares of class C common stock issues and outstanding, assuming no exercise of the underwriters' over-allotment option. Of these shares, the \_\_\_\_\_ shares of class A common stock being sold in this offering (plus any shares issued upon exercise of the underwriters' over-allotment option), the 7,150,000 shares of class A common stock sold in our initial public offering in May 1999 and approximately 2,293,000 shares of unrestricted class A common stock will be freely transferable without restriction in the public market, except to the extent these shares have been acquired by our affiliates, whose sale of such shares is restricted by Rule 144 under the Securities Act. The remaining shares of our common stock are "restricted" securities under Rule 144 which, among other things, limits the number of such shares available for sale in the public market. However, many of the restrictions of Rule 144 do not apply to persons who are not our affiliates.

The holders of substantially all of the shares of class A common stock outstanding prior to our initial public offering, other than Mr. Liggins, are parties to registration rights agreements with us. These agreements, which relate to approximately 3.3 million shares of class A common stock, provide incidental or "piggyback" registration rights that allow such holders, under certain circumstances, to include their shares of class A common stock in registration statements initiated by Radio One or other stockholders. Such registration rights agreements also permit demand registrations. The number of shares sold in the public market could increase if such rights are exercised. See "Description of Capital Stock--Registration Rights."

In general, under Rule 144 as currently in effect, a person (or persons whose shares are required to be aggregated) who has beneficially owned shares of common stock that have been outstanding and not held by any "affiliate" of Radio One for a period of one year is entitled to sell within any three-month period a number of shares that does not exceed the greater of one percent of the then outstanding shares of class A common stock (approximately 221,000 shares immediately after completion of this offering assuming no exercise of the underwriters' over-allotment option) or the average weekly reported trading volume of the class A common stock during the four calendar weeks preceding the date on which notice of such sale is given, provided certain manner of sale and notice requirements and requirements as to the availability of current public information are satisfied (such information requirements have been satisfied by Radio One's filing of reports under the Securities Exchange Act of 1934, as amended since August 1997). Affiliates of Radio One must comply with the restrictions and requirements of Rule 144, other than the two-year holding period requirement, in order to sell shares of common stock that are not "restricted securities" (such as shares acquired by affiliates in this offering). Under Rule 144(k), a person who is not deemed an "affiliate" of Radio One at any time during the three months preceding a sale by him, and who has beneficially owned shares of common stock that were not acquired from Radio One or an "affiliate" of Radio One within the previous two years, would be entitled to sell such shares without regard to volume limitations, manner of sale provisions,

notification requirements or the availability of current public information concerning Radio One. As defined in Rule 144, an "affiliate" of an issuer is a person that directly or indirectly through the use of one or more intermediaries controls, or is controlled by, or is under common control with, such issuer.

Radio One, Catherine L. Hughes, Alfred C. Liggins, III, the selling stockholders and certain other holders of common stock of Radio One have entered into contractual "lock-up" agreements providing that they will not offer, sell, contract to sell or grant any option to purchase or otherwise dispose of the shares of common stock owned by them or that could be purchased by them through the exercise of options to purchase common stock of Radio One for a period of 90 days after the date of this prospectus without the prior written consent of Credit Suisse First Boston Corporation on behalf of the underwriters.

Radio One has on file with the SEC an effective Registration Statement under the Securities Act covering shares of class A common stock reserved for issuance under Radio One's option plan. Such Registration Statement covers approximately 1.4 million shares. Shares registered under such Registration Statement will be, subject to Rule 144 volume limitations applicable to affiliates, available for sale in the open market, unless such shares are subject to vesting restrictions or the lock-up agreements described above.

UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement, dated, 1999, we and the selling stockholders have agreed to sell to the underwriters named below, for whom Credit Suisse First Boston Corporation, and are acting as representatives, the following respective number of shares of class A common stock:

Underwriter	Number of Shares
Credit Suisse First Boston Corporation.....	---
Total.....	===

The underwriting agreement provides that the underwriters are obligated to purchase all the shares of class A common stock in the offering if any are purchased other than those shares covered by the over-allotment option described below. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may be increased or the offering of class A common stock may be terminated.

We have granted to the underwriters a 30-day option to purchase up to additional shares from us at the public offering price less the underwriting discounts and commissions. The option may be exercised only to cover any over-allotments of class A common stock.

The underwriters propose to offer the shares of class A common stock initially at the public offering price on the cover page of this prospectus, and to selling group members at that price less a concession of \$ per share. The underwriters and selling group members may allow a discount of \$ per share on sales to other broker/dealers. After the initial public offering, the public offering price and concession and discount to broker/dealers may be changed by the representatives.

The following table summarizes the compensation and estimated expenses we and the selling stockholders will pay.

Per Share		Total	
Without Over- allotment	With Over- allotment	Without Over- allotment	With Over- allotment

Underwriting Discounts and  
Commissions paid by us .....  
Expenses payable by us.....  
Underwriting Discounts and  
Commissions paid by selling  
stockholders .....

The offering is being made in compliance with the requirements of Rule 2710(c)(8) of the National Association of Securities Dealers, Inc. Conduct Rules.

We are currently in compliance in all material respects with the terms of our credit agreement with lenders including Credit Suisse First Boston, New York branch, an affiliate of Credit Suisse First Boston Corporation. The decision of Credit Suisse First Boston Corporation to distribute the class A common stock was made in accordance with its customary procedures. Credit Suisse First Boston Corporation will not receive any benefit from this offering other than its respective portion of the underwriting discounts as set forth on the cover page of this prospectus.

Radio One, Catherine L. Hughes, Alfred C. Liggins, III, the selling stockholders and certain other holders of Common Stock of Radio One have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any additional shares of class A common stock or securities convertible into or exchangeable or exercisable for any of our class A common stock, or publicly disclose the intention to make an offer, sale, pledge, disposition or filing, without the prior written consent of Credit Suisse First Boston Corporation for a period of 90 days after the date of this prospectus, except, in our case, issuances pursuant to the exercise of employee stock options outstanding on the date hereof.

We and the selling stockholders have agreed to indemnify the underwriters against certain liabilities under the Securities Act, or contribute to payments which the underwriters may be required to make in that respect.

Credit Suisse First Boston Corporation has provided customary financial advisory services to Radio One, for which it has received customary compensation and indemnification, and in the future may provide such services.

The representatives may engage in over-allotment, stabilizing transactions, syndicate covering transactions, penalty bids and passive market making in accordance with Regulation M under the Securities Exchange Act of 1934, as amended.

- . Over-allotment involves syndicate sales in excess of the offering size, which creates a syndicate short position.
- . Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- . Syndicate covering transactions involve purchases of the class A common stock in the open market after the distribution has been completed in order to cover syndicate short positions.
- . Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the class A common stock originally sold by such syndicate member are purchased in a syndicate covering transaction to cover syndicate short positions.
- . In passive market making, market makers in the class A common stock who are underwriters or prospective underwriters may, subject to limitations, make bids for or purchases of the class A common stock until the time, if any, at which a stabilizing bid is made.

These stabilizing transactions, syndicate covering transactions and penalty bids may cause the price of the class A common stock to be higher than it would otherwise be in the absence of such transactions. These transactions may be effected on The Nasdaq National Market or otherwise and, if commenced, may be discontinued at any time.

## NOTICE TO CANADIAN RESIDENTS

### Resale Restrictions

The distribution of the class A common stock in Canada is being made only on a private placement basis exempt from the requirement that we and the selling stockholders prepare and file a prospectus with the securities regulatory authorities in each province where trades of the class A common stock are effected. Accordingly, any resale of the class A common stock in Canada must be made in accordance with applicable securities laws which will vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with available statutory exemptions or pursuant to a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the class A common stock.

### Representations of Purchasers

Each purchaser of the class A common stock in Canada who receives a purchase confirmation will be deemed to represent to us, the selling stockholders and the dealer from whom such purchase confirmation is received that (1) such purchaser is entitled under applicable provincial securities laws to purchase such class A common stock without the benefit of a prospectus qualified under such securities laws, (2) where required by law, that such purchaser is purchasing as principal and not as agent, and (3) such purchaser has reviewed the text above under "Resale Restrictions."

### Rights of Action (Ontario Purchasers)

The securities being offered are those of a foreign issuer and Ontario purchasers will not receive the contractual right of action prescribed by Ontario securities law. As a result, Ontario purchasers must rely on other remedies that may be available, including common law rights of action for damages or rescission or rights of action under the civil liability provisions of the U.S. federal securities laws.

### Enforcement of Legal Rights

All of the issuer's directors and officers as well as the experts named herein and the selling stockholders may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the issuer or such persons. All or a substantial portion of the assets of the issuer and such persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against the issuer or such persons in Canada or to enforce a judgment obtained in Canadian courts against such issuer or persons outside of Canada.

### Notice to British Columbia Residents

A purchaser of the class A common stock to whom the Securities Act (British Columbia) applies is advised that such purchaser is required to file with the British Columbia Securities Commission a report within ten days of the sale of any class A common stock acquired by such purchaser pursuant to this offering. Such report must be in the form attached to British Columbia Securities Commission Blanket Order BOR #95/17, a copy of which may be obtained from Radio One. Only one report must be filed in respect of the class A common stock acquired on the same date and under the same prospectus exemption.

### Taxation and Eligibility for Investment

Canadian purchasers of the class A common stock should consult their own legal and tax advisors with respect to the tax consequences of an investment in the class A common stock in their particular circumstances and with respect to the eligibility of the class A common stock for investment by the purchaser under relevant Canadian legislation.

## LEGAL MATTERS

Kirkland & Ellis will pass upon the legality of the common stock offered by this prospectus and other matters specified in the underwriting agreement for Radio One. Davis Wright Tremaine LLP will pass upon legal matters regarding FCC issues for Radio One. Skadden, Arps, Slate, Meagher & Flom LLP will pass upon matters specified in the underwriting agreement for the underwriters.

## EXPERTS

The audited consolidated financial statements of Radio One, Inc. and subsidiaries as of December 31, 1997 and 1998, and for each of the years in the three-year period ended December 31, 1998, included in the prospectus and registration statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto and are included herein in reliance upon the authority of said firm as experts in giving said report.

The audited consolidated financial statements of Radio One of Atlanta, Inc. and subsidiary as of December 31, 1997 and 1998, and for each of the years in the three-year period ended December 31, 1998, included in the prospectus and registration statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto and are included herein in reliance upon the authority of said firm as experts in giving said report.

The audited financial statements of Bell Broadcasting Company as of December 31, 1997 and for each of the years in the two-year period ended December 31, 1997, included in the prospectus and registration statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto and are included herein in reliance upon the authority of said firm as experts in giving said report.

The audited financial statements of Allur-Detroit, Inc., as of December 31, 1997, and for the year then ended, included in the prospectus and registration statement have been audited by Mitchell & Titus, LLP, independent public accountants, as indicated in their report with respect thereto, and are included herein in reliance upon the authority of said firm as experts in giving said report.

The audited financial statements of the Richmond Operations of Sinclair Telecable, Inc. as of December 31, 1997 and 1998, and for each of the years in the two-year period ended December 31, 1998, included in the prospectus and registration statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto and are included herein in reliance upon the authority of said firm as experts in giving said report.

The audited financial statements of stations WKJS-FM and WARV-FM of FM 100, Inc. as of December 31, 1998, and for the year then ended, included in the prospectus and registration statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto and are included herein in reliance upon the authority of said firm as experts in giving said report.

## WHERE YOU CAN FIND ADDITIONAL INFORMATION

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, and, in accordance therewith, file reports, proxy statements and other information with the SEC. Such reports, proxy statements and other information may be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 and at the SEC's regional offices located at the Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, IL 60661 and Seven World Trade Center, 13th Floor, New York, NY 10048. Copies of such material can be obtained from the Public Reference Section of the SEC upon payment of certain fees prescribed by the SEC. The SEC's Web site contains reports,

proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of that site is <http://www.sec.gov>.

We have filed a registration statement on Form S-1 with the SEC under the Securities Act of 1933, as amended in respect of the class A common stock offered pursuant to this prospectus. This prospectus, which is a part of the registration statement, omits certain information contained in the registration statement as permitted by the SEC's rules and regulations. For further information with respect to Radio One and the class A common stock offered hereby, please reference the registration statement, including its exhibits. Statements in this prospectus concerning the contents of any contract or other document filed with the SEC as an exhibit to the registration statement are summaries of the material provisions of those documents and we recommend that you also refer to those exhibits in evaluating Radio One. Copies of the registration statement, including all related exhibits and schedules, may be inspected without charge at the public reference facilities maintained by the SEC, or obtained at prescribed rates from the Public Reference Section of the SEC at the address set forth above.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders of  
Radio One, Inc.:

We have audited the accompanying consolidated balance sheets of Radio One, Inc. (a Delaware corporation) and subsidiaries (the Company) as of December 31, 1997 and 1998, and the related consolidated statements of operations, changes in stockholders' deficit and cash flows for each of the years in the three-year period ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Radio One, Inc. and subsidiaries as of December 31, 1997 and 1998 and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1998, in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

Baltimore, Maryland,  
May 6, 1999

RADIO ONE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 1997 and 1998 and June 30, 1999

	1997	1998	June 30, 1999
	-----	-----	-----
			(unaudited)
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents.....	\$ 8,500,000	\$ 4,455,000	\$ 5,018,000
Trade accounts receivable, net of allowance for doubtful accounts of \$904,000, \$1,243,000 and \$1,977,000, respectively.....	8,722,000	12,026,000	16,879,000
Prepaid expenses and other.....	315,000	334,000	766,000
Deferred taxes.....	--	826,000	826,000
	-----	-----	-----
Total current assets.....	17,537,000	17,641,000	23,489,000
PROPERTY AND EQUIPMENT, net.....	4,432,000	6,717,000	15,349,000
INTANGIBLE ASSETS, net.....	54,942,000	127,639,000	200,181,000
OTHER ASSETS.....	2,314,000	1,859,000	4,757,000
	-----	-----	-----
Total assets.....	\$ 79,225,000	\$153,856,000	\$243,776,000
	=====	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable.....	\$ 258,000	\$ 1,190,000	\$ 3,353,000
Accrued expenses.....	3,029,000	3,708,000	6,052,000
Income taxes payable.....	--	143,000	--
	-----	-----	-----
Total current liabilities.....	3,287,000	5,041,000	9,405,000
LONG-TERM DEBT AND DEFERRED INTEREST, net of current portion.....	74,954,000	131,739,000	96,498,000
DEFERRED TAX LIABILITY.....	--	15,251,000	14,943,000
	-----	-----	-----
Total liabilities.....	78,241,000	152,031,000	120,846,000
	-----	-----	-----
<b>COMMITMENTS AND CONTINGENCIES</b>			
<b>SENIOR CUMULATIVE REDEEMABLE PREFERRED STOCK:</b>			
Series A, \$.01 par value, 140,000 shares authorized, 84,843 shares issued and outstanding.....	9,310,000	10,816,000	--
Series B, \$.01 par value, 150,000 shares authorized, 124,467 shares issued and outstanding.....	13,658,000	15,868,000	--
<b>STOCKHOLDERS' EQUITY (DEFICIT):</b>			
Common stock--class A, \$.001 par value, 30,000,000 shares authorized, 33,719 shares issued and outstanding.....	--	--	12,000
Common stock--class B, \$.001 par value, 30,000,000 shares authorized, and 1,560,969 shares issued and outstanding.....	2,000	2,000	3,000
Common stock--class C, \$.001 par value, 30,000,000 shares authorized, 3,120,915 shares issued and outstanding.....	3,000	3,000	3,000
Additional paid-in capital.....	--	--	152,933,000
Accumulated deficit.....	(21,989,000)	(24,864,000)	(30,021,000)
	-----	-----	-----
Total stockholders' equity (deficit).....	(21,984,000)	(24,859,000)	122,930,000
	-----	-----	-----
Total liabilities and stockholders' equity (deficit)..	\$ 79,225,000	\$153,856,000	\$243,776,000
	=====	=====	=====

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

RADIO ONE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Years Ended December 31, 1996, 1997 and 1998  
and for the Six Months Ended June 30, 1998 and 1999

	December 31,			June 30,	
	1996	1997	1998	1998	1999
				(unaudited)	
<b>REVENUE:</b>					
Broadcast revenue, including barter revenue of \$1,122,000, \$1,010,000 and \$644,000, respectively.....	\$ 27,027,000	\$ 36,955,000	\$ 52,696,000	\$22,328,000	\$37,473,000
Less: Agency commissions.....	3,325,000	4,588,000	6,587,000	2,800,000	4,619,000
Net broadcast revenue.....	23,702,000	32,367,000	46,109,000	19,528,000	32,854,000
<b>OPERATING EXPENSES:</b>					
Program and technical.....	4,157,000	5,934,000	8,015,000	3,503,000	5,877,000
Selling, general and administrative.....	9,770,000	12,914,000	16,486,000	7,007,000	13,206,000
Corporate expenses....	1,793,000	2,155,000	2,800,000	1,319,000	1,928,000
Stock based compensation.....	--	--	--	--	225,000
Depreciation and amortization.....	4,262,000	5,828,000	8,445,000	3,632,000	7,475,000
Total operating expenses.....	19,982,000	26,831,000	35,746,000	15,461,000	28,711,000
Operating income....	3,720,000	5,536,000	10,363,000	4,067,000	4,143,000
INTEREST EXPENSE, including amortization of deferred financing costs.....	7,252,000	8,910,000	11,455,000	4,925,000	7,489,000
OTHER (EXPENSE) INCOME, net.....	(77,000)	415,000	358,000	286,000	141,000
Loss before benefit from income taxes and extraordinary item...	(3,609,000)	(2,959,000)	(734,000)	(572,000)	(3,205,000)
BENEFIT (PROVISION) FROM INCOME TAXES.....	--	--	1,575,000	--	(476,000)
(Loss) income before extraordinary item...	(3,609,000)	(2,959,000)	841,000	(572,000)	(3,681,000)
EXTRAORDINARY ITEM:					
Loss on early retirement of debt...	--	1,985,000	--	--	--
Net (loss) income...	\$ (3,609,000)	\$ (4,944,000)	\$ 841,000	\$ (572,000)	\$ (3,681,000)
NET LOSS APPLICABLE TO COMMON STOCKHOLDERS....	\$ (3,609,000)	\$ (6,981,000)	\$ (2,875,000)	\$ (2,344,000)	\$ (5,157,000)
<b>BASIC AND DILUTED EARNINGS PER COMMON SHARE:</b>					
Loss before extraordinary item...	\$ (.38)	\$ (.53)	\$ (.31)	\$ (.25)	\$ (.40)
Net loss.....	\$ (.38)	\$ (.74)	\$ (.31)	\$ (.25)	\$ (.40)
<b>WEIGHTED AVERAGE SHARES OUTSTANDING:</b>					
Basic and diluted.....	9,392,000	9,392,000	9,392,000	9,393,000	12,739,000

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

RADIO ONE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT  
 For the Years Ended December 31, 1996, 1997 and 1998  
 and the Six Months Ended June 30, 1999

	Common Stock Class A	Common Stock Class B	Common Stock Class C	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Deficit
BALANCE, as of December 31, 1995.....	\$ --	\$2,000	\$3,000	\$ 1,158,000	\$(12,557,000)	\$(11,394,000)
Net loss.....	--	--	--	--	(3,609,000)	(3,609,000)
BALANCE, as of December 31, 1996.....	--	2,000	3,000	1,158,000	(16,166,000)	(15,003,000)
Net loss.....	--	--	--	--	(4,944,000)	(4,944,000)
Effect of conversion to C corporation.....	--	--	--	(1,158,000)	1,158,000	--
Preferred stock dividends.....	--	--	--	--	(2,037,000)	(2,037,000)
BALANCE, as of December 31, 1997.....	--	2,000	3,000	--	(21,989,000)	(21,984,000)
Net income.....	--	--	--	--	841,000	841,000
Preferred stock dividends.....	--	--	--	--	(3,716,000)	(3,716,000)
BALANCE, as of December 31, 1998.....	--	2,000	3,000	--	(24,864,000)	(24,859,000)
Net loss.....	--	--	--	--	(3,681,000)	(3,681,000)
Preferred stock dividends earned.....	--	--	--	--	(1,476,000)	(1,476,000)
Issuance of stock for acquisition.....	2,000	1,000	--	34,191,000	--	34,194,000
Stock issued to an employee.....	--	--	--	225,000	--	225,000
Conversion of warrants.....	5,000	--	--	(5,000)	--	--
Issuance of common stock.....	5,000	--	--	118,522,000	--	118,527,000
BALANCE, as of June 30, 1999 (unaudited).....	\$12,000	\$3,000	\$3,000	\$152,933,000	\$(30,021,000)	\$122,930,000

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

RADIO ONE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS  
 For the Years Ended December 31, 1996, 1997 and 1998  
 and for the Six Months Ended June 30, 1998 and 1999

	December 31,			June 30,	
	1996	1997	1998	1998	1999
				(unaudited)	
CASH FLOWS FROM					
OPERATING ACTIVITIES:					
Net (loss) income.....	\$(3,609,000)	\$(4,944,000)	\$ 841,000	\$(572,000)	\$(3,681,000)
Adjustments to reconcile net (loss) income to net cash from operating activities:					
Depreciation and amortization.....	4,262,000	5,828,000	8,445,000	3,632,000	7,475,000
Amortization of debt financing costs, unamortized discount and deferred interest.....	3,005,000	3,270,000	4,110,000	1,804,000	2,180,000
Loss on disposals.....	153,000	--	--	--	--
Loss on extinguishment of debt.....	--	1,985,000	--	--	--
Deferred income taxes and reduction in valuation reserve on deferred taxes.....	--	--	(2,038,000)	--	--
Noncash compensation to officer.....	--	--	--	--	225,000
Effect of change in operating assets and liabilities--					
Trade accounts receivable.....	(656,000)	(2,302,000)	(1,933,000)	(1,319,000)	(3,160,000)
Prepaid expenses and other.....	114,000	(198,000)	(4,000)	166,000	(159,000)
Other assets.....	(71,000)	(147,000)	(1,391,000)	(442,000)	(98,000)
Accounts payable.....	(818,000)	(131,000)	830,000	223,000	2,059,000
Accrued expenses.....	234,000	1,576,000	296,000	804,000	1,143,000
Income tax payable...	--	--	143,000	--	--
Net cash flows from operating activities.....	2,614,000	4,937,000	9,299,000	4,296,000	5,984,000
CASH FLOWS FROM					
INVESTING ACTIVITIES:					
Purchase of property and equipment.....	(252,000)	(2,035,000)	(2,236,000)	(1,103,000)	(2,119,000)
Proceeds from disposal of property and equipment.....	--	--	150,000	(32,529,000)	--
Purchase of Investments.....	--	--	--	--	(1,000,000)
Deposits and payments for station purchases.....	(1,000,000)	(21,164,000)	(59,085,000)	--	(38,911,000)
Net cash flows from investing activities.....	(1,252,000)	(23,199,000)	(61,171,000)	(33,632,000)	(42,030,000)
CASH FLOWS FROM					
FINANCING ACTIVITIES:					
Repayment of debt.....	(2,408,000)	(45,599,000)	(485,000)	(453,000)	(69,476,000)
Proceeds from new debt.....	51,000	72,750,000	49,350,000	25,350,000	16,000,000
Deferred debt financing costs.....	--	(2,148,000)	(1,038,000)	(630,000)	(282,000)
Repayment of Senior Cumulative Redeemable Preferred Stock.....	--	--	--	--	(28,160,000)
Proceeds from issuance of common stock, net of issuance costs....	--	--	--	--	118,527,000
Financed equipment purchases.....	--	51,000	--	--	--
Net cash flows from financing activities.....	(2,357,000)	25,054,000	47,827,000	24,267,000	36,609,000

(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS.....	(995,000)	6,792,000	(4,045,000)	(5,069,000)	563,000
CASH AND CASH EQUIVALENTS, beginning of year.....	2,703,000	1,708,000	8,500,000	8,500,000	4,455,000
CASH AND CASH EQUIVALENTS, end of year.....	\$ 1,708,000	\$ 8,500,000	\$ 4,455,000	\$ 3,431,000	\$ 5,018,000
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:					
Cash paid for--					
Interest.....	\$ 4,815,000	\$ 4,413,000	\$ 7,192,000	\$ 3,104,000	\$ 5,207,000
Income taxes.....	\$ 50,000	\$ --	\$ 338,000	\$ --	\$ 312,000

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

RADIO ONE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 1996, 1997 and 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization and Business

Radio One, Inc. (a Delaware corporation referred to as Radio One) and its subsidiaries, Radio One Licenses, Inc. and WYCB Acquisition Corporation (Delaware corporations), Broadcast Holdings, Inc. (a Washington, D.C. corporation), Bell Broadcasting Company (a Michigan corporation), Radio One of Detroit, Inc., Allur-Detroit, Inc. and Allur Licenses, Inc. (Delaware corporations) (collectively referred to as the Company) were organized to acquire, operate and maintain radio broadcasting stations. The Company owns and operates radio stations in Washington, D.C.; Baltimore, Maryland; Philadelphia, Pennsylvania; Detroit, Michigan; and Kingsley, Michigan markets. The Company is highly leveraged, which requires substantial semi-annual and other periodic interest payments and may impair the Company's ability to obtain additional working capital financing. The Company's operating results are significantly affected by its share of the audience in markets where it has stations.

Radio One intends to offer Common A shares to the public in an initial public offering (IPO). The proceeds of the IPO will be used to repay certain outstanding debt, to finance pending and future acquisitions, to redeem all of the Senior Cumulative Redeemable Preferred Stock and for other general corporate purposes.

Basis of Presentation

The accompanying consolidated financial statements include the accounts of Radio One, Inc. and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. The accompanying consolidated financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Interim Financial Statements (unaudited)

The interim consolidated financial statements included herein for Radio One, Inc. and subsidiaries have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. 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 generally accepted accounting principles 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.

Subsequent to year end, the Company completed the acquisition of Radio One of Atlanta, Inc. for approximately 3.3 million shares of its stock and the assumption of debt (see Note 6). The Company also consummated certain of the acquisitions addressed in Note 8 and acquired the assets of a station in Boston for approximately \$10 million.

Acquisitions

On December 28, 1998, Radio One purchased all of the outstanding stock of Allur-Detroit, Inc. (Allur), which owned one radio station in Detroit, Michigan, for approximately \$26.5 million. Radio One financed this acquisition through a combination of cash and \$24.0 million borrowed under the Company's line of credit. The acquisition of Allur resulted in the recording of approximately \$31.7 million of intangible assets (including the recording of a deferred tax liability for the difference in book and tax basis in the assets acquired from the Allur purchase price being in excess of the net book value of Allur).

RADIO ONE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

December 31, 1996, 1997 and 1998

On June 30, 1998, Radio One purchased all of the outstanding stock of Bell Broadcasting Company (Bell), which owned three radio stations in Michigan, for approximately \$34.2 million. Radio One financed this acquisition through a combination of cash and approximately \$25.4 million borrowed under the Company's line of credit. The acquisition of Bell resulted in the recording of approximately \$42.5 million of intangible assets (including the recording of a deferred tax liability for the difference in book and tax basis in the assets acquired from the Bell purchase price being in excess of the net book value of Bell).

On March 16, 1998, WYCB Acquisition Corporation, an unrestricted subsidiary of Radio One, acquired all the stock of Broadcast Holdings, Inc. for \$3,750,000. The acquisition was financed with a promissory note for \$3,750,000 at 13%, due 2001, which pays quarterly cash interest payments at an annual rate of 10% through 2001, with the remaining interest being added to the principal.

On February 8, 1997, under a local marketing agreement with the former owners of WDRE-FM licensed to Jenkintown, Pennsylvania, Radio One began to provide programming to and selling advertising for WDRE-FM. On May 19, 1997, Radio One acquired the broadcast assets of WDRE-FM for approximately \$16,000,000. In connection with the purchase, Radio One entered into a three-year noncompete agreement totaling \$4,000,000 with the former owners. Radio One financed this purchase with a portion of the proceeds from the issuance of approximately \$85,500,000 of 12% Senior Subordinated Notes due 2004. Following this acquisition, Radio One converted the call letters of the radio station from WDRE-FM to WPHI-FM.

The unaudited pro forma summary consolidated results of operations for the years ended December 31, 1996, 1997 and 1998, assuming the acquisitions of WPHI-FM, WYCB-AM, Bell Broadcasting and Allur-Detroit had occurred in the beginning of the fiscal years, are as follows:

	1996	1997	1998
	-----	-----	-----
Net broadcast revenue.....	\$33,021,000	\$39,475,000	\$50,988,000
Operating expenses, excluding			
depreciation and amortization...	23,650,000	27,077,000	31,435,000
Depreciation and amortization....	12,742,000	12,165,000	12,115,000
Interest expense.....	14,301,000	14,295,000	15,114,000
Other (expense) income, net.....	16,000	666,000	322,000
(Benefit) provision for income			
taxes.....	(7,979,000)	(6,360,000)	(4,064,000)
Extraordinary loss.....	--	1,985,000	--
	-----	-----	-----
Net loss.....	\$(9,677,000)	\$(9,021,000)	\$(3,290,000)
	=====	=====	=====

On November 23, 1998, Radio One signed an agreement to purchase the assets of a radio station located in the St. Louis area, for approximately \$13.6 million. Radio One made a deposit of approximately \$700,000 towards the purchase price. This deposit is included in other assets in the accompanying consolidated balance sheet as of December 31, 1998.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and money market accounts at various commercial banks. All cash equivalents have original maturities of 90 days or less. For cash and cash equivalents, cost approximates market value.



RADIO ONE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

December 31, 1996, 1997 and 1998

Property and Equipment

Property and equipment are recorded at cost and are being depreciated on a straight-line basis over various periods. The components of the Company's property and equipment as of December 31, 1997 and 1998, are as follows:

	1997	1998	Period of Depreciation
	-----	-----	-----
<b>PROPERTY AND EQUIPMENT:</b>			
Land.....	\$ 117,000	\$ 590,000	--
Building and improvements.....	148,000	248,000	31 years
Transmitter towers.....	2,146,000	2,282,000	7 or 15 years
Equipment.....	3,651,000	5,609,000	5 to 7 years
Leasehold improvements.....	1,757,000	2,577,000	Life of Lease
	-----	-----	
	7,819,000	11,306,000	
Less: Accumulated depreciation.....	3,387,000	4,589,000	
	-----	-----	
Property and equipment, net.....	\$4,432,000	\$ 6,717,000	
	=====	=====	

Depreciation expenses for the fiscal years ended December 31, 1996, 1997 and 1998, were \$706,000, \$746,000 and \$1,202,000, respectively.

Revenue Recognition

In accordance with industry practice, revenue for broadcast advertising is recognized when the commercial is broadcast.

Barter Arrangements

The Company broadcasts certain customers' advertising in exchange for equipment, merchandise and services. The estimated fair value of the equipment, merchandise or services received is recorded as deferred barter costs and the corresponding obligation to broadcast advertising is recorded as deferred barter revenue. The deferred barter costs are expensed or capitalized as they are used, consumed or received. Deferred barter revenue is recognized as the related advertising is aired.

Financial Instruments

Financial instruments as of December 31, 1997 and 1998, consist of cash and cash equivalents, trade accounts receivable, accounts payable, accrued expenses, long-term debt and preferred stock, all of which the carrying amounts approximate fair value except for the Senior Subordinated Notes as of December 31, 1998, which have a fair value of approximately \$84.5 million, as compared to a carrying value of \$78.5 million. The Company has estimated the fair value of the debt, based on its estimate of what rate it could have issued that debt as of December 31, 1998.

Comprehensive Income

The Company has adopted SFAS, No. 130, "Reporting Comprehensive Income" and has determined that the Company does not have any comprehensive income adjustments for the periods presented.

RADIO ONE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

December 31, 1996, 1997 and 1998

Segment Reporting

The Company has adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" as of December 31, 1998, and has determined that the Company has only one segment, radio broadcasting. The Company came to this conclusion because the Company has one product or service, has the same type of customer and operating strategy in each market, operates in one regulatory environment, has only one management group that manages the entire Company and provides information on the Company's results as one segment to the key decision-maker to make decisions. All of the Company's revenue is derived from the eastern half of the United States.

Earnings Available for Common Stockholders

The Company has certain senior cumulative redeemable preferred stock outstanding which pays dividends at 15% per annum (see Note 3). The Company accretes dividends on this preferred stock, which is payable when the preferred stock is redeemed. The earnings available for common stockholders for the years ended December 31, 1997 and 1998, is the net loss or income for each of the years, less the accreted dividend of \$2,037,000 and \$3,716,000 during 1997 and 1998, respectively on the preferred stock.

Earnings Per Share

Earnings per share are based on the weighted average number of common and diluted common equivalent shares for stock options and warrants outstanding during the period the calculation is made, divided into the earnings available for common stockholders. Diluted common equivalent shares consist of shares issuable upon the exercise of stock options and warrants, using the treasury stock method at the estimated IPO price. All warrants outstanding to acquire common stock as of December 31, 1996, 1997 and 1998, will be exercised concurrent with the closing of the IPO and have been reflected in the calculation of earnings per share as if the stock granted from the exercise was outstanding for all periods presented. The Company also issued stock to an employee subsequent to year-end at a price below market value. The stock issued has been reflected in the earnings per share calculation as if it was outstanding for all periods presented (see Note 8). The weighted average shares outstanding is calculated as follows:

	December 31,		
	1996	1997	1998
Common stock outstanding.....	4,716,000	4,716,000	4,716,000
Common stock issued from exercise of warrants.....	4,625,000	4,625,000	4,625,000
Stock issued subsequent to year end.....	51,000	51,000	51,000
Weighted average shares outstanding for both basic and diluted earnings per share.....	9,392,000	9,392,000	9,392,000

The Company effected a 34,061 for one stock split, effective May 6, 1999, in conjunction with the planned IPO. All share data included in the accompanying consolidated financial statements and notes thereto are as if the stock split had occurred prior to the periods presented.

Also, effective February 25, 1999, the Company converted certain class A common stock held by the principal stockholders to class B common stock which will have ten votes per share, as compared to class A common stock which has one vote per share, and certain of their class A common stock to class C common stock. Class C common stock will have no voting rights except as required by Delaware law. All share data included in the accompanying consolidated financial statements and notes thereto are as if the stock conversion had occurred prior to the periods presented.

RADIO ONE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

December 31, 1996, 1997 and 1998

2. INTANGIBLE ASSETS:

Intangible assets are being amortized on a straight-line basis over various periods. The intangible asset balances and periods of amortization as of December 31, 1997 and 1998, are as follows:

	1997	1998	Period of Amortization
FCC broadcast license.....	\$56,179,000	\$103,792,000	7-15 Years
Goodwill.....	7,609,000	39,272,000	15 Years
Debt financing.....	2,147,000	3,186,000	Life of Debt
Favorable transmitter site and other intangibles.....	1,922,000	1,924,000	6-17 Years
Noncompete agreement.....	4,900,000	4,000,000	3 Years
Total.....	72,757,000	152,174,000	
Less: Accumulated amortization.....	17,815,000	24,535,000	
Net intangible assets.....	\$54,942,000	\$127,639,000	

Amortization expense for the fiscal years ended December 31, 1996, 1997 and 1998, was \$3,556,000, \$5,082,000 and \$7,243,000, respectively. The amortization of the deferred financing cost was charged to interest expense.

3. DEBT AND SENIOR CUMULATIVE REDEEMABLE PREFERRED STOCK:

As of December 31, 1997 and 1998, the Company's outstanding debt is as follows:

	1997	1998
Senior subordinated notes (net of \$10,640,000 and \$7,020,000 unamortized discounts, respectively)...	\$74,838,000	\$ 78,458,000
Line of credit.....	--	49,350,000
WYCB note payable and deferred interest.....	--	3,841,000
Other notes payable.....	35,000	23,000
Capital lease obligations.....	81,000	67,000
Total, noncurrent.....	\$74,954,000	\$131,739,000

Senior Subordinated Notes

To finance the WPHI-FM acquisition (as discussed in Note 1) and to refinance certain other debt, Radio One issued approximately \$85,500,000 of 12% Senior Subordinated notes due 2004. The notes were sold at a discount, with the net proceeds to Radio One of approximately \$72,750,000. The notes pay cash interest at 7% per annum through May 15, 2000, and at 12% thereafter. In connection with this debt offering, Radio One retired approximately \$45,600,000 of debt outstanding under a NationsBank credit agreement with the proceeds from the offering. Radio One also exchanged approximately \$20,900,000 of 15% Senior Cumulative Redeemable Preferred Stock which must be redeemed by May 2005, for an equal amount of Radio One's then outstanding subordinated notes and accrued interest.

The 12% notes due 2004 are redeemable at any time and from time to time at the option of the Company, in whole or in part, on or after May 15, 2001 at the redemption prices set forth in the 12% notes due 2004, plus accrued and unpaid interest to the date of redemption. In addition, on or prior to May 15, 2000, the Company may redeem, at its option, up to 25% of the aggregate original principal amount of the 12% notes due 2004 with the net proceeds of one or more Public Equity Offerings at 112% of the Accreted Value thereof, together with accrued and unpaid interest, if any, to the date of redemption, as long as at least approximately \$64.1 million of the aggregate principal amount of the 12% notes due 2004 remains outstanding after each

RADIO ONE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

December 31, 1996, 1997 and 1998

such redemption. Upon a Change of Control (as defined in the indenture), the Company must commence an offer to repurchase the 12% notes due 2004 at 101% of the Accreted Value thereof, plus accrued and unpaid interest, if any, to the date of repurchase.

Lines of Credit

To finance the Bell Broadcasting and Allur-Detroit Acquisitions during 1998, Radio One borrowed \$49,350,000 from Credit Suisse First Boston, New York Branch, and other financial institutions which is to mature on December 31, 2003. This credit agreement bears interest at the Eurodollar rate plus an applicable margin. The average interest rate for the year ended December 31, 1998, was 7.58%. This credit agreement is secured by the property of the Company (other than Unrestricted Subsidiaries), and interest and proceeds of real estate and Key Man life insurance policies. During 1998, the month-end weighted average and the highest month-end balances were \$28,779,000 and \$49,350,000, respectively. Subsequent to December 31, 1998, the Company increased its availability under the line of credit.

As of December 31, 1997, Radio One had a \$7,500,000 outstanding line of credit with NationsBank. The interest rate was a base rate plus 1.375%. Radio One's collateral for this line of credit consisted of liens and security interest in all common and voting securities convertible or exchangeable into common stock of the Company and substantially all of its assets (other than WYCB Acquisition). This line of credit was not drawn on as of December 31, 1997. NationsBank was a participating financial institution in the line of credit above, and this line of credit agreement was terminated when the Company entered into the line of credit agreement with Credit Suisse First Boston and one other financial institution, as discussed above.

During 1995, through a revolving credit agreement (the NationsBank Credit Agreement) with NationsBank of Texas, N.A. and the other lenders who were parties, Radio One borrowed \$53,000,000 which was to mature on March 31, 2002. The NationsBank Credit Agreement was refinanced on May 19, 1997, as part of the Senior Subordinated Notes financing discussed above. The NationsBank Credit Agreement bore interest at the LIBOR 30-day rate, plus an applicable margin. The average interest rate for the years ending December 31, 1996 and 1997, was 8.25% and 9.28%, respectively. The credit agreement was secured by all property of the Company (other than unrestricted subsidiaries) and interest and proceeds of real estate and Key Man life insurance policies.

Senior Cumulative Redeemable Preferred Stock

On May 19, 1997, concurrent with the debt issuance, all of the holders of Radio One Subordinated Promissory Notes converted all of their existing subordinated notes consisting of approximately \$17,000,000, together with any and all accrued interest thereon of approximately \$3,900,000 and outstanding warrants, for shares of Senior Cumulative Redeemable Preferred Stock, which must be redeemed in May 2005, and stock warrants to purchase 147.04 shares of common stock. The Senior Cumulative Redeemable Preferred Stock can be redeemed at 100% of its liquidation value, which is the principal and accreted dividends. The dividends on each share accrues on a daily basis at a rate of 15% per annum. Preferred stock dividends of approximately \$2,037,000 and \$3,716,000 were accrued during the years ended December 31, 1997 and 1998, respectively. If Radio One does not redeem all of the issued and outstanding preferred shares on the mandatory redemption date or upon the occurrence of an event of noncompliance, the holders may elect to have the Dividend Rate increase to 18% per annum. In the event Radio One does not meet any required performance target relating exclusively to the operation of WPHI-FM, the Dividend Rate for each preferred share shall be increased to 17% per annum.

Other Notes Payable

During 1996, Radio One entered into two notes totaling \$51,000 with NationsBank to purchase vehicles. These notes bear interest at 8.74% and 8.49%, require monthly principal and interest payments of \$789 and \$471 and mature on April 30, 2000, and December 2, 2000.

RADIO ONE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

December 31, 1996, 1997 and 1998

Refinancing of Debt

During 1997, Radio One retired \$45,600,000 of outstanding debt. Associated with the retirement of the debt, Radio One incurred certain early prepayment penalties and legal fees, and had to write-off certain deferred financing costs associated with the debt retired. These costs amounted to \$1,985,000 and were recorded as an extraordinary item in the accompanying statements of operations.

4. COMMITMENTS AND CONTINGENCIES:

Leases

Radio One has various operating leases for office space, studio space, broadcast towers and transmitter facilities which expire on various dates between May 1999 through October 15, 2003. One of these leases is for office and studio space in Baltimore, Maryland, and is with a partnership in which two of the partners are stockholders of the Company (see Note 6).

The following is a schedule of the future minimum rental payments required under the operating leases that have an initial or remaining noncancelable lease term in excess of one year as of December 31, 1998.

Year	
----	
1999.....	\$1,007,000
2000.....	1,055,000
2001.....	1,075,000
2002.....	838,000
2003.....	830,000
Thereafter.....	4,578,000

Total rent expense for the years ended December 31, 1996, 1997 and 1998, was \$777,000, \$809,000 and \$888,000, respectively.

FCC Broadcast Licenses

Each of the Company's radio stations operates pursuant to one or more licenses issued by the Federal Communications Commission (FCC) that have a maximum term of eight years prior to renewal. The Company's radio operating licenses expire at various times from October 1, 2003, to August 1, 2006. Although the Company may apply to renew its FCC 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.

Litigation

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, the outcome of these claims will not have a material adverse effect on the Company's financial position or results of operations.

5. INCOME TAXES:

Effective January 1, 1996, Radio One elected to be treated as an S Corporation under Subchapter S of the Internal Revenue Code. As an S Corporation, the stockholders separately account for their pro-rata share of Radio One's income, deductions, losses and credits. Effective May 19, 1997, the Company's S Corporation status was terminated.

RADIO ONE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

December 31, 1996, 1997 and 1998

In connection with the conversion to a C corporation, in accordance with SEC Staff Accounting Bulletin 4.B, Radio One transferred the amount of the undistributed losses up to the amount of additional paid-in capital at the date of conversion to additional paid-in capital.

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109). Under SFAS 109, deferred income taxes reflect the impact of temporary differences between the assets and liabilities recognized for financial reporting purposes and amounts recognized for tax purposes. Deferred taxes are based on tax laws as currently enacted.

During 1998, the Company acquired the stock of three companies. Associated with these stock purchases, the Company allocated the purchase price to the related assets acquired, with the excess purchase price allocated to goodwill. In a stock purchase, for income tax purposes, the underlying assets of the acquired companies retain their historical tax basis. Accordingly, the Company recorded a deferred tax liability of approximately \$16,863,000 related to the difference between the book and tax basis for all of the assets acquired (excluding goodwill). The result of recording this deferred tax liability is reflected as additional goodwill of \$16,863,000 related to these acquisitions.

A reconciliation of the statutory federal income taxes to the recorded income tax provision for the years ended December 31, 1996, 1997 and 1998, is as follows:

	1996	1997	1998
	-----	-----	-----
Statutory tax (@ 35% rate).....	\$(1,263,000)	\$(1,730,000)	\$ (257,000)
Effect of state taxes, net of federal.....	(217,000)	(245,000)	(29,000)
Establishment of S corporation loss to its stockholders.....	1,480,000	984,000	--
Effect of net deferred tax asset in conversion to C corporation.....	--	(1,067,000)	--
Nondeductible goodwill.....	--	--	769,000
Valuation reserve.....	--	2,058,000	(2,058,000)
	-----	-----	-----
Benefit for income taxes.....	\$ --	\$ --	\$(1,575,000)
	=====	=====	=====

The components of the provision for income taxes for the years ended December 31, 1997 and 1998, are as follows:

	1997	1998
	-----	-----
Current.....	\$ --	\$ 463,000
Deferred.....	(991,000)	20,000
Establishment of net deferred tax asset in conversion to C corporation.....	(1,067,000)	--
Valuation reserve.....	2,058,000	(2,058,000)
	-----	-----
Benefit for income taxes.....	\$ --	\$(1,575,000)
	=====	=====

RADIO ONE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

December 31, 1996, 1997 and 1998

Deferred income taxes reflect the net tax effect of temporary differences between the financial statement and tax basis of assets and liabilities. The significant components of the Company's deferred tax assets and liabilities as of December 31, 1997 and 1998, are as follows:

	1997	1998
	-----	-----
Deferred tax assets--		
FCC and other intangibles amortization.....	\$ 246,000	\$ 1,152,000
Reserve for bad debts.....	353,000	473,000
NOL carryforward.....	1,746,000	400,000
Accruals.....	--	268,000
Barter activity.....	--	85,000
Interest expense.....	--	479,000
Other.....	2,000	20,000
	-----	-----
Total deferred tax assets.....	2,347,000	2,877,000
	-----	-----
Deferred tax liabilities--		
FCC license.....	--	(16,525,000)
Depreciation.....	(279,000)	(539,000)
Other.....	(10,000)	(238,000)
	-----	-----
Total deferred tax liabilities.....	(289,000)	(17,302,000)
	-----	-----
Net deferred tax asset (liability).....	2,058,000	(14,425,000)
Less: Valuation reserve.....	(2,058,000)	--
	-----	-----
Net deferred taxes included in the accompanying consolidated balance sheets.....	\$ --	\$(14,425,000)
	=====	=====

A 100% valuation reserve was applied against the net deferred tax asset as of December 31, 1997, as its realization was not more likely than not to be realized. During the year ended December 31, 1998, this valuation allowance was reversed as the deferred tax assets were likely to be realized.

During 1998, the Company utilized its entire NOL carryforward, but acquired an approximate \$1,200,000 net operating loss from the purchase of Allur-Detroit, Inc. This net operating loss acquired can only be utilized as Allur-Detroit, Inc. has taxable income.

6. RELATED PARTY TRANSACTIONS:

Radio One leases office space for \$8,000 per month from a partnership in which two of the partners are stockholders of Radio One (Note 4). Total rent paid to the stockholders for fiscal years 1996, 1997 and 1998, was \$96,000, \$96,000 and \$96,000, respectively. Radio One also has a net receivable as of December 31, 1997 and 1998, of approximately \$68,000 and \$4,000, respectively, due from Radio One of Atlanta, Inc. (ROA), of which an executive officer and stockholder of Radio One is a major stockholder of ROA. Effective January 1, 1998 Radio One charged ROA a management fee of \$300,000 per year, and prior to January 1, 1998, the fee was \$100,000 per year.

The stockholders of Radio One of Atlanta, Inc. have agreed in principle to sell their shares of Radio One of Atlanta, Inc. to the Company in exchange for shares of the Company's Common Stock.

As of December 31, 1998, the Company has a loan outstanding of \$380,000, and accrued interest of \$7,000 from an officer. The loan is due May 2003 and bears interest at 5.6%.

RADIO ONE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

December 31, 1996, 1997 and 1998

7. PROFIT SHARING:

Radio One has a 401(k) profit sharing plan for its employees. Radio One can contribute to the plan at the discretion of its board of directors. Radio One made no contribution to the plan during fiscal year 1996, 1997 or 1998.

8. SUBSEQUENT EVENTS:

In January 1999, the Company granted shares of common stock of the Company to an officer of the Company. These shares will vest over three years. The Company recognized compensation expense of approximately \$200,000 during 1999, which is the difference between the fair value of the stock on the grant date and the exercise price of stock.

On February 26, 1999, Radio One signed an asset purchase agreement for the broadcasting assets of two radio stations located in Richmond, Virginia, for approximately \$12,000,000. The Company expects to complete this transaction during the second quarter of 1999.

On February 10, 1999, Radio One signed an agreement to purchase the assets of a radio station located in the Richmond, Virginia, area for approximately \$4,600,000. Radio One made a deposit of \$200,000 related to this purchase.

In February 1999, Radio One signed a letter of intent to purchase the broadcasting assets of two radio stations located in Cleveland, Ohio, for approximately \$20,000,000. The Company expects to complete this transaction during the first half of 1999.

In March 1999, Radio One signed a letter of intent to purchase the broadcasting assets of four radio stations located in Richmond, Virginia for approximately \$34,000,000. The Company expects to complete this transaction during the first half of 1999.

In March 1999, the Company adopted a stock option and grant plan which provides for the issuance of qualified and nonqualified stock options and grants to full-time key employees. The Plan allows the issuance of common stock at the discretion of the Company's board of directors. There are no options currently outstanding under this plan. In May 1999, the Company granted 213,395 options to certain employees.

During 1999, the Company made a \$1,000,000 investment in PNE Media Holdings, LLC, a privately-held outdoor advertising company.



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of  
Radio One of Atlanta, Inc.:

We have audited the accompanying consolidated balance sheets of Radio One of Atlanta, Inc. (a Delaware corporation) and subsidiary as of December 31, 1997 and 1998, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 1998. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Radio One of Atlanta, Inc. and subsidiary as of December 31, 1997 and 1998, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1998, in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

Baltimore, Maryland,  
February 19, 1999

RADIO ONE OF ATLANTA, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

As of December 31, 1997 and 1998, and March 31, 1999

	December 31,		March 31,
	1997	1998	1999
			(unaudited)
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents.....	\$ 1,117,000	\$ 1,711,000	\$ 2,133,000
Trade accounts receivable, net of allowance for doubtful accounts of \$112,000 and \$312,000 as of December 31, 1997 and 1998, respectively.....	1,259,000	2,479,000	1,694,000
Prepaid expenses and other.....	59,000	82,000	937,000
Due from Mableton.....	77,000	120,000	--
Income tax receivable.....	--	164,000	--
	-----	-----	-----
Total current assets.....	2,512,000	4,556,000	4,764,000
PROPERTY AND EQUIPMENT, net.....	585,000	1,758,000	2,097,000
INTANGIBLE ASSETS, net.....	10,994,000	10,867,000	11,187,000
OTHER ASSETS.....	112,000	40,000	52,000
DEFERRED TAXES.....	--	60,000	117,000
	-----	-----	-----
Total assets.....	\$14,203,000	\$17,281,000	\$18,217,000
	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable.....	\$ 108,000	\$ 276,000	\$ 339,000
Accrued expenses.....	782,000	909,000	1,168,000
Current portion of long-term debt.....	568,000	327,000	269,000
Due to affiliate.....	68,000	4,000	304,000
	-----	-----	-----
Total current liabilities.....	1,526,000	1,516,000	2,080,000
LONG-TERM DEBT AND DEFERRED INTEREST, net of current portion.....	13,398,000	15,525,000	15,727,000
	-----	-----	-----
Total liabilities.....	14,924,000	17,041,000	17,807,000
	-----	-----	-----
COMMITMENTS AND CONTINGENCIES			
STOCKHOLDERS' EQUITY:			
Common stock, \$1 par value, 14,670 shares authorized, 10,000 shares issued and outstanding.....	10,000	10,000	10,000
Additional paid-in capital.....	978,000	1,390,000	1,390,000
Accumulated deficit.....	(1,709,000)	(1,160,000)	(990,000)
	-----	-----	-----
Total stockholders' (deficit) equity.....	(721,000)	240,000	410,000
	-----	-----	-----
Total liabilities and stockholders' equity.....	\$14,203,000	\$17,281,000	\$18,217,000
	=====	=====	=====

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

RADIO ONE OF ATLANTA, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS  
 For the Years Ended December 31, 1996, 1997 and 1998  
 And for the Three Months Ended March 31, 1999

	December 31,			March 31,	
	1996	1997	1998	1998	1999
					(unaudited)
REVENUE:					
Broadcast revenue, including barter revenue of \$112,000, \$86,000 and \$51,000, respectively.....	\$4,257,000	\$6,525,000	\$11,577,000	\$1,684,000	\$2,803,000
Less: Agency commissions.....	497,000	794,000	1,437,000	195,000	356,000
Net broadcast revenue.....	3,760,000	5,731,000	10,140,000	1,489,000	2,447,000
OPERATING EXPENSES:					
Program and technical.....	1,017,000	1,432,000	1,418,000	303,000	478,000
Selling, general and administrative.....	1,426,000	1,994,000	4,111,000	673,000	910,000
Corporate expenses....	241,000	637,000	667,000	80,000	96,000
Depreciation and amortization.....	429,000	577,000	896,000	129,000	202,000
Total operating expenses.....	3,113,000	4,640,000	7,092,000	1,185,000	1,686,000
Operating income....	647,000	1,091,000	3,048,000	304,000	761,000
INTEREST EXPENSE, including amortization of deferred financing costs.....	839,000	1,663,000	2,007,000	471,000	491,000
OTHER EXPENSES (INCOME), net.....	--	111,000	(7,000)	(9,000)	--
(Loss) income before provision for income taxes.....	(192,000)	(683,000)	1,048,000	(158,000)	270,000
PROVISION (BENEFIT) FOR INCOME TAXES.....	--	--	499,000	(74,000)	100,000
Net (loss) income...	\$ (192,000)	\$ (683,000)	\$ 549,000	\$ (84,000)	\$ 170,000

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

RADIO ONE OF ATLANTA, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
 For the Years Ended December 31, 1996, 1997 and 1998  
 And for the Three Months Ended March 31, 1999

	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' (Deficit) Equity
BALANCE, December 31, 1995.....	\$ --	\$ --	\$ (834,000)	\$ (834,000)
Net loss.....	--	--	(192,000)	(192,000)
BALANCE, December 31, 1996.....	--	--	(1,026,000)	(1,026,000)
Net loss.....	--	--	(683,000)	(683,000)
Issuance of stock options below market.....	--	264,000	--	264,000
Tax benefit of issuance of stock options below market....	--	106,000	--	106,000
Allocation for stock issued in conjunction with debt.....	--	608,000	--	608,000
Issuance of common stock.....	10,000	--	--	10,000
BALANCE, December 31, 1997.....	10,000	978,000	(1,709,000)	(721,000)
Net income.....	--	--	549,000	549,000
Issuance of stock options below market.....	--	294,000	--	294,000
Tax benefit of issuance of stock options below market....	--	118,000	--	118,000
BALANCE, December 31, 1998.....	10,000	1,390,000	(1,160,000)	240,000
Net income.....	--	--	170,000	170,000
BALANCE, March 31, 1999 (unaudited).....	\$10,000	\$1,390,000	\$ (990,000)	\$ 410,000

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

RADIO ONE OF ATLANTA, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS  
 For the Years Ended December 31, 1996, 1997 and 1998  
 And for the Three Months Ended March 31, 1998 and 1999

	December 31,			March 31,	
	1996	1997	1998	1998	1999
	(Unaudited)				
CASH FLOWS FROM					
OPERATING ACTIVITIES:					
Net income (loss)....	\$(192,000)	\$ (683,000)	\$ 549,000	\$ (84,000)	\$ 170,000
Adjustments to reconcile net income (loss) to net cash from operating activities:					
Depreciation and amortization.....	429,000	577,000	896,000	129,000	202,000
Amortization of debt financing costs and unamortized discount.....	399,000	172,000	630,000	276,000	424,000
Compensation expense from stock options granted...	--	264,000	294,000	--	--
Loss on disposals..	--	157,000	--	--	--
Deferred tax liability.....	--	--	58,000	--	(57,000)
Effect of change in operating assets and liabilities--					
Trade accounts receivable.....	(774,000)	(243,000)	(1,220,000)	322,000	785,000
Prepaid expenses and other.....	(16,000)	(4,000)	(23,000)	(35,000)	(855,000)
Due from Mableton.....	--	(77,000)	(43,000)	--	120,000
Income tax receivable.....	--	--	(164,000)	--	164,000
Other assets.....	--	(112,000)	72,000	--	(12,000)
Accounts payable.....	(22,000)	97,000	168,000	--	63,000
Accrued expenses.....	423,000	386,000	127,000	(419,000)	259,000
Due to affiliate.....	(19,000)	(10,000)	(64,000)	25,000	300,000
Net cash flows from operating activities....	228,000	524,000	1,280,000	214,000	1,563,000
CASH FLOWS FROM					
INVESTING ACTIVITIES:					
Purchase of property and equipment.....	(235,000)	(385,000)	(1,242,000)	(179,000)	(421,000)
Acquisition of Dogwood.....	--	(6,792,000)	--	--	--
Acquisition of intangibles.....	--	--	(678,000)	(100,000)	(440,000)
Net cash flows from investing activities....	(235,000)	(7,177,000)	(1,920,000)	(279,000)	(861,000)
CASH FLOWS FROM					
FINANCING ACTIVITIES:					
Proceeds from debt issuance.....	--	7,577,000	2,000,000	--	--
Repayment of debt....	--	--	(744,000)	(198,000)	(280,000)
Deferred debt financing costs.....	--	(60,000)	(22,000)	--	--
Issuance of common stock.....	--	10,000	--	--	--
Net cash flows from financing activities....	--	7,527,000	1,234,000	(198,000)	(280,000)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS.....	(7,000)	874,000	594,000	(263,000)	422,000
CASH AND CASH EQUIVALENTS, beginning of period.....	250,000	243,000	1,117,000	1,117,000	1,711,000

CASH AND CASH EQUIVALENTS, end of period.....	\$ 243,000	\$1,117,000	\$1,711,000	\$ 854,000	\$2,133,000
	=====	=====	=====	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:					
Cash paid for interest.....	\$ 441,000	\$1,305,000	\$1,616,000	\$ 400,000	\$ 400,000
	=====	=====	=====	=====	=====
Income taxes paid....	\$ --	\$ --	\$ 499,000	\$ --	\$ 100,000
	=====	=====	=====	=====	=====

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

RADIO ONE OF ATLANTA, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization and Business

Radio One of Atlanta, Inc. (the Company) owns and operates a radio station serving the Atlanta, Georgia, market, and its subsidiary, Dogwood Communications, Inc. (Dogwood) owns a radio station serving the Atlanta, Georgia market. The Company started operations in June, 1995. The Company is highly leveraged, which requires substantial interest payments and may impair the Company's ability to obtain additional financing. The Company's operating results are significantly affected by its market share in the Atlanta, Georgia market.

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company and its subsidiary, Dogwood (see Note 2). All significant intercompany accounts and transactions have been eliminated in consolidation. The accompanying consolidated financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and money market accounts at various commercial banks. All cash equivalents have original maturities of 90 days or less. For cash and cash equivalents, cost approximates market value.

Property and Equipment

Property and equipment are recorded at cost and are being depreciated on a straight-line basis over various periods. The components of the Company's property and equipment as of December 31, 1997 and 1998, are as follows:

	December 31,		
	1997	1998	Period of Depreciation
<b>PROPERTY AND EQUIPMENT:</b>			
Transmitter towers.....	\$335,000	\$ 493,000	7 Years
Equipment.....	364,000	967,000	5 to 7 Years
Leasehold improvements.....	14,000	14,000	Life of Lease
Furniture and fixtures.....	--	185,000	5 to 7 Years
Construction in progress.....	--	296,000	
	713,000	1,955,000	
Less: Accumulated depreciation.....	128,000	197,000	
Property and equipment, net.....	\$585,000	\$1,758,000	

Depreciation expense for the fiscal years ended December 31, 1996, 1997 and 1998, was \$38,000, \$64,000 and \$69,000, respectively.

RADIO ONE OF ATLANTA, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Organizational Costs

As of December 31, 1998, Dogwood had \$24,000 of unamortized organization costs. In April 1998, the Accounting Standards Executive Committee of the American Institute of Certified Public Accountants issued Statement of Position 98-5 (the "SOP") regarding financial reporting on the costs of start-up activities. Under the SOP, organizational costs are considered start-up costs and, commencing with fiscal years beginning after December 15, 1998, entities are required to expense such costs as they are incurred. The Company decided to expense the unamortized organizational costs as of December 31, 1998.

Revenue Recognition

In accordance with industry practice, revenue for commercial broadcasting advertisements is recognized when the commercial is broadcast.

Barter Arrangements

Certain program contracts provide for the exchange of advertising air time in lieu of cash payments for the rights to such programming. These contracts are recorded as the programs are aired at the estimated fair value of the advertising air time given in exchange for the program rights.

The Company broadcasts certain customers' advertising in exchange for equipment, merchandise and services. The estimated fair value of the equipment, merchandise or services received is recorded as deferred barter costs and the corresponding obligation to broadcast advertising is recorded as deferred barter revenue. The deferred barter costs are expensed or capitalized as they are used or received. Deferred barter revenue is recognized as the related advertising is aired.

Financial Instruments

Financial instruments as of December 31, 1997 and 1998, consist of cash and cash equivalents, trade accounts receivable, accounts payable, accrued expenses, and long-term debt, all of which the carrying amounts approximate fair value.

Reclassifications

Certain reclassifications have been made to the 1997 financial statements in order to conform with the 1998 presentation.

Comprehensive Income

The Company has adopted SFAS, No. 130, "Reporting Comprehensive Income." The Company does not have any comprehensive income adjustments.

Segment Reporting

The Company has adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" as of December 31, 1998, and has determined the Company has only one segment, radio broadcasting.



RADIO ONE OF ATLANTA, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Interim Financial Statements (unaudited)

The interim consolidated financial statements included herein for the Company have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. 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 generally accepted accounting principles 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.

On March 30, 1999, Radio One, Inc. acquired the Company for approximately 3.3 million shares of Radio One's common stock and the assumption of indebtedness of the Company and Dogwood. Also, on March 30, 1999, the Company acquired the remaining approximate 67% of Dogwood for \$3.6 million. Upon the completion of these acquisitions, the Company became a wholly owned subsidiary of Radio One, and Dogwood became a wholly owned subsidiary of the Company. (See Notes 2 and 8)

2. DOGWOOD COMMUNICATIONS, INC.:

In April 1997, the Company's founder and stockholder transferred his 33 1/3% ownership interest in Dogwood to the Company in return for the Company assuming responsibility for certain liabilities of Dogwood. Concurrent with the transfer of ownership, the Company contributed approximately \$6 million to Dogwood to retire Dogwood's outstanding debt. This stockholder also assigned to the Company his option to purchase the portion of Dogwood owned by others. The Company exercised the option to purchase up to 80% of Dogwood during 1998, for \$100,000. The Company intends to exercise its option to purchase the remaining 20% for \$3.5 million during 1999.

The Company owns 33 1/3% of Dogwood, it has the ability to acquire an additional 46 2/3% for \$100,000, it has 45 1/2% of the voting control of Dogwood, and it programs the station owned by Dogwood through a local marketing agreement (LMA). During the years ended December 31, 1997 and 1998, Dogwood's primary activity was an LMA of the station to the Company (the station went on the air on December 16, 1997). As the Company controls Dogwood's operations, Dogwood has been consolidated with the Company in the accompanying financial statements.

3. INTANGIBLE ASSETS:

Intangible assets are being amortized on a straight-line basis over various periods. The intangible asset balances and periods of amortization as of December 31, 1997 and 1998, are as follows:

	December 31,		
	1997	1998	Period of Amortization
Debt financing costs.....	\$ 313,000	\$ 335,000	Life of debt
FCC broadcast license and other.....	11,602,000	12,280,000	15 Years
Organizational costs.....	203,000	--	5 Years
Total.....	12,118,000	12,615,000	
Less: Accumulated amortization.....	1,124,000	1,748,000	
Net intangible assets.....	\$10,994,000	\$10,867,000	

Amortization expense for the years ended December 31, 1996, 1997 and 1998, was \$391,000, \$513,000 and \$827,000, respectively. The amortization of the debt financing costs was charged to interest expense.

RADIO ONE OF ATLANTA, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

4. LONG-TERM DEBT:

The Company is obligated under a long-term senior note and various subordinated notes payable as follows:

	December 31,	
	1997	1998
Allied Investment Corporation and its affiliates (senior).....	\$10,000,000	\$12,000,000
Alta Subordinated Debt Partners III, L.P. (net of \$508,000 and \$360,000 of unamortized discount allocated to stock issuance).....	1,069,000	1,217,000
Syncom Capital Corporation (subordinate).....	1,000,000	1,000,000
Shareholder (subordinate).....	1,000,000	960,000
Design Media, Inc. (subordinate).....	235,000	--
Accrued interest on senior and subordinated notes...	662,000	675,000
<b>Total</b> .....	<b>13,966,000</b>	<b>15,852,000</b>
Less: Current portion of long-term debt.....	568,000	327,000
<b>Total</b> .....	<b>\$13,398,000</b>	<b>\$15,525,000</b>

Allied Investment Corporation Debt

The start-up of the Company was partially financed through a \$4,000,000 long-term debt agreement with Allied Investment Corporation and certain of its affiliates (collectively Allied). The loan bore interest at 14%. Terms of the note required only partial interest payments until January 1, 1997.

In April 1997, the Company renegotiated the prior Allied debt. In connection with that renegotiation, Allied amended and restated the prior Allied debt to provide the Company and Dogwood (see Note 2) to become co-borrowers with respect to the \$4,000,000 debt and to jointly borrow an additional \$6,000,000. In connection with this amended and restated loan, new senior secured debentures totaling \$10,000,000 were issued jointly by the Company and Dogwood, whereby the Company will carry the debt on its books and Dogwood will act as the guarantor. The agreements have an interest rate that ranges from 12.5% to 13.5% and matures on March 1, 2001. Interest only payments are due monthly until May 1, 1999. Subsequent to that date, monthly principal and interest payments are due. Also, as part of the renegotiation, the Company signed notes for interest that had accrued but was unpaid as of December 31, 1996, on the prior Allied debt.

In September 1998, the Company borrowed an additional \$2,000,000 from Allied. This debt has an interest rate ranging from 12.5% to 13.5%, and principal and interest payments are due monthly until the debt matures on March 1, 2001.

In April 1997, the Company also amended and restated its Security Agreement with Allied which grants them a security interest in all of the Company's collateral, which includes all tangible and intangible property, all the issued and outstanding stock of the Company, and the Company's rights and interest in Dogwood.

The prior Allied debt was issued with detachable warrants that granted Allied the right to acquire an equity interest in the Company. The warrants have an aggregate exercise price of \$100 per share. During 1997, the warrants were exercised and the Company issued Allied 1,430 shares of common stock.

Subordinated Notes

In April 1997, the Company also entered into a \$1,577,000 Senior Secured Subordinated Promissory Note with Alta Subordinated Debt Partners III, L.P. The note has an interest rate of 11%, and the unpaid principal

RADIO ONE OF ATLANTA, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

and accrued interest on the note is due on April 1, 2001. The Company also issued 1,500 shares of common stock in connection with the note. The Company allocated the proceeds between debt and additional paid-in capital, based on the pro-rata value of the debt and the common stock. As such, \$969,000 was assigned to the debt and \$608,000 was assigned to the value of the common stock. The value assigned to the common stock was recorded as an increase in additional paid-in capital. The value assigned to the debt was less than the face value, and such discount will be amortized over the life of the related debt using the effective interest method.

The Syndicated Communications Venture Partners II, L.P. (Syncom) debt bears an interest rate of 11% on the original principal balance of \$1,000,000. In April 1997, the Company amended the subordinated note with Syncom. Under the new terms of the agreement, interest accrues and is added to the principal balance, except that beginning with the period of June 20, 1998, the Company is required to make \$18,958 monthly payments. Unpaid principal and accrued interest is due April 1, 2001.

During 1995, the Syncom note was issued with detachable stock warrants allowing Syncom to purchase 2,400 shares of the Company for a purchase price of \$100. During 1997, the warrants were exercised and the Company issued Syncom 2,400 shares of common stock.

This note is also secured by a security agreement for the property and equipment of the Company.

The Company has a note payable to its shareholder of \$1,000,000, which bears interest at 8%. Interest only payments were made monthly until July 1, 1998. At that time, monthly principal and interest payments of \$12,133 began. Unpaid principal is due June 20, 2002.

The Design Media, Inc.'s note of \$235,000 bore interest at 8%. Interest only payments were made monthly until July 1, 1998. During 1998, the note was repaid in full.

The aggregate maturities of debt as of December 31, 1998, are as follows:

Year ----	Total -----
1999.....	\$ 327,000
2000.....	1,620,000
2001.....	13,175,000
2002.....	730,000
	-----
Total.....	\$15,852,000 =====

5. LEASES:

The Company leases office space which expires in October 2004 and broadcast towers which expire through December 2009.

The following is a schedule of the future minimum rental payments required under the operating leases that have an initial or remaining noncancellable lease term in excess of one year as of December 31, 1998:

Year ----	
1999.....	\$170,000
2000.....	163,000
2001.....	164,000
2002.....	170,000
2003.....	170,000
Thereafter.....	259,000

RADIO ONE OF ATLANTA, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Total rent expense for the years ending December 31, 1996, 1997 and 1998, was \$54,000, \$57,000 and \$93,000, respectively.

6. STOCK OPTION PLAN:

During 1997, the Company granted stock options to an officer of the Company for up to 700 shares of the Company's common stock for \$1.00 each. Of the 700 shares, 400 shares vested immediately and were exercised during 1997. The officer was granted the remaining options after certain performance results were achieved during 1998. These options granted in 1998 vested immediately. As the options to acquire 400 shares and 300 shares granted and vested during 1997 and 1998, respectively, were significantly below their estimated fair market value, the Company recognized compensation expense of \$264,000 and \$294,000 during 1997 and 1998, respectively. Compensation expense represented the difference between the estimated fair market value of the stock and the exercise price. The Company also recognized an income tax benefit of \$106,000 and \$118,000 during 1997 and 1998, respectively, related to the options, which has been recorded as additional paid-in capital.

7. INCOME TAXES:

Effective March 31, 1997, the Company converted from an S corporation to a C corporation. At the date of conversion, the Company had no additional paid-in capital to convert to retained earnings.

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109). Under SFAS 109, deferred income taxes reflect the impact of temporary differences between the assets and liabilities recognized for financial reporting purposes and amounts recognized for tax purposes. Deferred taxes are based on tax laws as currently enacted.

A reconciliation of the statutory federal income taxes to the recorded income tax provision for the years ended December 31, 1996, 1997 and 1998, is as follows:

	1996	1997	1998
	-----	-----	-----
Statutory tax (@ 35% rate).....	\$(67,000)	\$(239,000)	\$367,000
Effect of state taxes, net of federal.....	(9,000)	(32,000)	42,000
Nondeductible amortization.....	--	--	154,000
Effect of losses while an S corporation.....	76,000	264,000	--
Establish benefit for deferred taxes at C corporation			
Conversion.....	--	(57,000)	--
Valuation reserve.....	--	64,000	(64,000)
	-----	-----	-----
Provision for income taxes.....	\$ --	\$ --	\$499,000
	=====	=====	=====

The components of the provision for income taxes for the years ended December 31, 1997 and 1998, are as follows:

	1997	1998
	-----	-----
Current.....	\$ --	\$335,000
Deferred.....	(64,000)	228,000
Valuation reserve.....	64,000	(64,000)
	-----	-----
Provision for income taxes.....	\$ --	\$499,000
	=====	=====

RADIO ONE OF ATLANTA, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Deferred income taxes reflect the net tax effect of temporary differences between the financial statement and tax basis of assets and liabilities. The significant components of the Company's deferred tax assets and liabilities as of December 31, 1997 and 1998, are as follows:

	1997	1998
	-----	-----
Deferred tax assets--		
Reserve for bad debts.....	\$ 44,000	\$118,000
NOL carryforward.....	79,000	--
	-----	-----
Total deferred tax assets.....	123,000	118,000
Deferred tax liabilities--		
Depreciation and amortization.....	(59,000)	(58,000)
	-----	-----
Net deferred tax asset.....	64,000	60,000
Less: Valuation reserve.....	(64,000)	--
	-----	-----
Net deferred taxes included in the accompanying consolidated balance sheets.....	\$ --	\$ 60,000
	=====	=====

A 100% valuation reserve was applied against the net deferred tax asset as of December 31, 1997, as its realization was not more likely than not to be realized. During 1998, this valuation allowance was reversed as the deferred tax assets would likely be realized. During 1998, the Company utilized its entire net operating loss carryforward.

8. RELATED PARTY TRANSACTIONS:

The Company is affiliated with Radio One, Inc., as a stockholder of the Company is also a stockholder of Radio One, Inc. The Company has a due to affiliate of \$68,000 and \$4,000 as of December 31, 1997 and 1998, respectively, for expenses paid by Radio One, Inc. on behalf of the Company and for administrative services. During the years ended December 31, 1996, 1997 and 1998, the Company incurred expenses of \$100,000, \$100,000 and \$300,000, respectively, for administrative services which Radio One, Inc. performed for the Company.

The Company has \$77,000 and \$120,000 recorded as a receivable from Mableton Investment Group (Mableton) as of December 31, 1997 and 1998, respectively. These balances represent costs incurred by the Company for research and feasibility studies on behalf of a new radio station to be owned by Mableton, a company owned by a stockholder of the Company.

The stockholders of the Company agreed in principle to sell their shares of the Company to Radio One, Inc. in exchange for shares of Radio One, Inc.'s common stock. A stockholder of the Company will receive a \$1.2 million fee related to this acquisition.

Subsequent to year end, the Company made a \$263,000 unsecured loan to an employee. The loan bears interest at 5.56% and is payable on demand.

9. PROFIT SHARING:

The Company's employees participate in a 401K profit sharing plan sponsored by Radio One, Inc., an affiliate of the Company (see Note 8). The Company's contribution is at the direction of its board of directors. The Company made no contributions to the plan during fiscal years 1996, 1997 or 1998.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of  
Radio One, Inc.:

We have audited the accompanying balance sheet of Bell Broadcasting Company (a Michigan Corporation) (the Company) as of December 31, 1997, and the related statements of operations, changes in stockholders' equity and cash flows for the years ended December 31, 1996 and 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bell Broadcasting Company as of December 31, 1997, and the results of its operations and its cash flows for the years ended December 31, 1996 and 1997, in conformity with generally accepted accounting principles.

/s/ ARTHUR ANDERSEN LLP

Baltimore, Maryland,  
August 28, 1998

BELL BROADCASTING COMPANY

BALANCE SHEETS

As of December 31, 1997 and June 30, 1998

	December 31, 1997	June 30, 1998
	-----	-----
	(Unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash.....	\$ 226,000	\$ 186,000
Trade accounts receivable, net of allowance for doubtful accounts of \$28,000 and \$69,000, respectively.....	951,000	918,000
Current portion of notes receivable.....	13,000	14,000
Prepaid expenses and other.....	34,000	6,000
	-----	-----
Total current assets.....	1,224,000	1,124,000
PROPERTY AND EQUIPMENT, net.....	859,000	1,139,000
NOTES RECEIVABLE, net of current portion.....	491,000	184,000
OTHER ASSETS.....	38,000	20,000
	-----	-----
Total assets.....	\$2,612,000	\$2,467,000
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable.....	\$ 251,000	\$ 92,000
Accrued expenses.....	198,000	61,000
Current portion of long-term debt.....	149,000	--
	-----	-----
Total current liabilities.....	598,000	153,000
LONG-TERM DEBT, net of current portion.....	592,000	--
	-----	-----
Total liabilities.....	1,190,000	153,000
	-----	-----
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common stock--Class A, \$2.00 par value, 800 shares authorized, issued and outstanding.....	2,000	2,000
Common stock--Class B, \$2.00 par value, 24,000 shares authorized, 20,071 and 20,071 shares issued and outstanding, respectively.....	40,000	40,000
Additional paid-in capital.....	198,000	1,308,000
Retained earnings.....	1,182,000	964,000
	-----	-----
Total stockholders' equity.....	1,422,000	2,314,000
	-----	-----
Total liabilities and stockholders' equity.....	\$2,612,000	\$2,467,000
	=====	=====

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

BELL BROADCASTING COMPANY

STATEMENTS OF OPERATIONS

For the Years Ended December 31, 1996 and 1997  
and the Six Months Ended June 30, 1997 and 1998

	Year Ended December 31,		Six Months Ended June 30,	
	1996	1997	1997	1998
			(Unaudited)	(Unaudited)
<b>REVENUE:</b>				
Broadcast revenue, including barter revenue of \$121,000, \$151,000, \$14,000 and \$73,000, respectively.....	\$ 3,917,000	\$ 4,571,000	\$1,916,000	\$2,326,000
Less: Agency commissions....	537,000	537,000	229,000	301,000
Net broadcast revenue.....	3,380,000	4,034,000	1,687,000	2,025,000
<b>OPERATING EXPENSES:</b>				
Programming and technical...	1,154,000	1,335,000	723,000	675,000
Selling, general and administrative.....	1,520,000	1,544,000	715,000	748,000
Corporate expenses.....	849,000	816,000	301,000	663,000
Depreciation and amortization.....	130,000	148,000	68,000	63,000
Total operating expenses..	3,653,000	3,843,000	1,807,000	2,149,000
Operating (loss) income...	(273,000)	191,000	(120,000)	(124,000)
INTEREST EXPENSE.....	75,000	81,000	38,000	52,000
OTHER (INCOME) EXPENSE, net...	(5,000)	54,000	59,000	28,000
(Loss) income before (benefit) provision for income taxes.....	(343,000)	56,000	(217,000)	(204,000)
(BENEFIT) PROVISION FOR INCOME TAXES.....	(78,000)	44,000	(164,000)	14,000
Net (loss) income.....	\$ (265,000)	\$ 12,000	\$ (53,000)	\$ (218,000)

The accompanying notes are an integral part of these statements.



BELL BROADCASTING COMPANY

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
 For the Years Ended December 31, 1996 and 1997  
 and the Six Months Ended June 30, 1998

	Common Stock Class A	Common Stock Class B	Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity
BALANCE, January 1, 1996..	\$2,000	\$39,000	\$ 98,000	\$1,435,000	\$1,574,000
Net loss.....	--	--	--	(265,000)	(265,000)
Stock options granted below market.....	--	--	9,000	--	9,000
Stock bonus compensation.....	--	--	16,000	--	16,000
Issuance of common stock.....	--	--	9,000	--	9,000
BALANCE, December 31, 1996.....	2,000	39,000	132,000	1,170,000	1,343,000
Net income.....	--	--	--	12,000	12,000
Stock options granted below market.....	--	--	17,000	--	17,000
Stock bonus compensation.....	--	1,000	32,000	--	33,000
Issuance of common stock.....	--	--	17,000	--	17,000
BALANCE, December 31, 1997.....	2,000	40,000	198,000	1,182,000	1,422,000
Net loss.....	--	--	--	(218,000)	(218,000)
Capital contributed from former owners.....	--	--	672,000	--	672,000
Capital contributed from owners.....	--	--	438,000	--	438,000
BALANCE, June 30, 1998 (Unaudited).....	\$2,000	\$40,000	\$1,308,000	\$ 964,000	\$2,314,000

The accompanying notes are an integral part of these statements.

BELL BROADCASTING COMPANY

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 1996 and 1997  
and the Six Months Ended June 30, 1997 and 1998

	December 31,		June 30,	
	1996	1997	1997	1998
			(Unaudited)	(Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net (loss) income.....	\$(265,000)	\$ 12,000	\$ (53,000)	\$(218,000)
Adjustments to reconcile net (loss) income to net cash from operating activities:				
Depreciation and amortization.....	130,000	148,000	68,000	63,000
Compensation expense related to stock bonus plan and stock granted below market price.....	25,000	50,000	--	--
Loss on disposal of assets...	--	(8,000)	(8,000)	--
Effect of change in operating assets and liabilities--				
Trade accounts receivable..	190,000	(156,000)	(35,000)	33,000
Prepaid expenses and other.....	(101,000)	119,000	19,000	19,000
Other assets.....	(1,000)	(17,000)	--	18,000
Accounts payable.....	56,000	(94,000)	(108,000)	(159,000)
Accrued expenses.....	(125,000)	41,000	(68,000)	(137,000)
Net cash flows from operating activities....	(91,000)	95,000	(185,000)	(381,000)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds from sale of assets...	--	22,000	22,000	--
Principal payments received on notes.....	--	6,000	--	306,000
Acquisition of property and equipment.....	(140,000)	(211,000)	(109,000)	(403,000)
Net cash flows from investing activities....	(140,000)	(183,000)	(87,000)	(97,000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Proceeds from the issuance of debt.....	739,000	220,000	103,000	438,000
Repayment of debt.....	(642,000)	(211,000)	--	(438,000)
Issuance of common stock.....	9,000	17,000	--	--
Contributed capital.....	--	--	--	438,000
Net cash flows from financing activities....	106,000	26,000	103,000	438,000
DECREASE IN CASH.....	(125,000)	(62,000)	(169,000)	(40,000)
CASH, beginning of period.....	413,000	288,000	288,000	226,000
CASH, end of period.....	\$ 288,000	\$ 226,000	\$ 119,000	\$ 186,000
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>				
Interest paid.....	\$ 73,000	\$ 81,000	\$ 38,000	\$ 55,000
Income taxes paid.....	\$ 117,000	\$ --	\$ --	\$ 7,000

The accompanying notes are an integral part of these statements.

BELL BROADCASTING COMPANY

NOTES TO FINANCIAL STATEMENTS  
December 31, 1996 and 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

Bell Broadcasting Company (the Company), a Michigan corporation, is a radio broadcaster, broadcasting on two stations, WCHB-AM and WDTJ-FM (formerly WCHB-FM), both located in the Detroit metropolitan area. During 1996, the Federal Communications Commission (FCC) approved the construction permit to increase WCHB-AM's signal from 25 kilowatts to 50 kilowatts. In addition, in September 1997, the Canadian government approved WCHB-AM's proposal for a nighttime increase to 15 kilowatts, and the FCC granted a construction permit for the nighttime increase. The Company also owns one station in Kingsley, Michigan, WJZZ-AM.

The financial statements for the six months ended June 30, 1997 and 1998, are unaudited, but, in the opinion of management, such financial statements have been presented on the same basis as the audited financial statements for the year ended December 31, 1997, and include all adjustments, consisting only of normal recurring adjustments necessary for a fair presentation of the financial position and results of operations and cash flows for these periods.

Financial Instruments

Financial instruments as of December 31, 1997, consist of cash, trade accounts receivables, notes receivables, accounts payable, accrued expenses and long-term debt, all of which the carrying amounts approximate fair value.

Use of Estimates

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

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using accelerated and straight-line methods over the estimated useful lives of the related assets.

The components of the Company's property and equipment as of December 31, 1997, are as follows:

	December 31, 1997	Period of Depreciation
	-----	-----
Construction in progress.....	\$ 122,000	--
Land.....	581,000	--
Buildings and improvements.....	149,000	10 to 31 years
Transmitter towers.....	754,000	7 to 15 years
Equipment.....	555,000	5 to 15 years
Leasehold improvements.....	12,000	7 to 19 years
	-----	
Total property and equipment.....	2,173,000	
Less: Accumulated depreciation.....	1,314,000	
	-----	
Property and equipment, net.....	\$ 859,000	
	=====	

BELL BROADCASTING COMPANY

NOTES TO FINANCIAL STATEMENTS--(Continued)

December 31, 1996 and 1997

Depreciation expense for the fiscal years ended December 31, 1996 and 1997, were \$120,000 and \$141,000, respectively.

Revenue Recognition

In accordance with industry practice, revenue for broadcast advertising is recognized when the commercial is broadcast.

Barter Arrangements

Certain program contracts provide for the exchange of advertising air time in lieu of cash payments for the rights to such programming. These contracts are recorded as the programs are aired at the estimated fair value of the advertising air time given in exchange for the program rights.

The Company broadcasts certain customers' advertising in exchange for equipment, merchandise and services. The estimated fair value of the equipment, merchandise or services received is recorded as deferred barter costs and the corresponding obligation to broadcast advertising is recorded as deferred barter revenue. The deferred barter costs are expensed or capitalized as they are used, consumed or received. Deferred barter revenue is recognized as the related advertising is aired.

Sale of WKNX

In June 1997, the Company sold the assets and rights of WKNX-AM for approximately \$210,000 and recognized a loss of approximately \$22,000. In connection with the sale, the Company obtained a note receivable from the purchasers of the station. The terms of the sale call for a note receivable bearing interest at 10% per annum, requiring monthly payments of approximately \$3,000 through June 2007. The note is secured by certain real estate and personal property and the pledge of the stock of Frankenmuth.

Supplemental Cash Flow Information

The Company issued 200 and 400 shares each of class B common stock to two former officers of the Company during 1996 and 1997, respectively, at a price below the stock's estimated fair market value. Compensation expense of \$25,000 and \$50,000 was recorded in 1996 and 1997, respectively, in connection with the issuance (Note 6). In June 1997, the Company sold the assets and rights to WKNX-AM for a note receivable in the amount of \$210,000. (Also see Note 7.)

New Accounting Standards

During 1997, the Financial Accounting Standards Board (FASB) issued SFAS No. 130, "Reporting Comprehensive Income" (SFAS No. 130), which is effective for fiscal years beginning after December 15, 1997. This statement establishes standards for reporting and display of comprehensive income and its components. The Company believes the adoption of SFAS No. 130 will have no impact on the financial statements as the Company has no comprehensive income adjustments.

BELL BROADCASTING COMPANY

NOTES TO FINANCIAL STATEMENTS--(Continued)

December 31, 1996 and 1997

During 1997, the FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" (SFAS No. 131), which is effective for fiscal years beginning after December 15, 1997. This statement establishes a new approach for determining segments within a company and reporting information on those segments. The Company has performed a preliminary assessment of this statement and believes that no disclosure is necessary as the Company has only one segment.

2. NOTES RECEIVABLE--RELATED PARTY:

In 1995, the Company loaned the trust of a deceased shareholder \$300,000 and received a note receivable. The note bears interest at the mid-term applicable federal rate (6.31% and 5.63% as of December 31, 1996 and 1997, respectively), with principal and interest due December 2000. The principal and all interest due were paid on June 30, 1998.

3. DEBT:

Debt consists of the following:

	December 31, 1997
	-----
Note payable to bank, payable in monthly installments of \$12,000, including interest at 9.35% per annum, secured by land, equipment and the Company's AM broadcast license.....	\$641,000
Note payable to bank, payable in monthly installments of \$7,000, including interest at 9.35% per annum, secured by land, equipment and the Company's FM broadcast license.....	51,000
Note payable to bank, payable in monthly installments of \$1,000, including interest at 8.99% per annum, secured by vehicles.....	40,000
Note payable in monthly installments of \$400, including interest at 11% per annum, secured by transportation equipment.....	9,000
	-----
Total.....	741,000
Less: Current portion.....	149,000
	-----
Total long-term debt.....	\$592,000
	=====

This outstanding debt was repaid as of June 30, 1998.

4. COMMITMENTS AND CONTINGENCIES:

Leases

During 1996 and 1997, the Company leased the facilities under three separate operating leases, one of which was with a related party (the former owners of the Company). The related party lease was on a month-to-month basis for the FM station building, at a rate of \$800 per month. The second lease covers the FM tower and transmitter space and expires in May 1999, with one optional renewal of five years. Monthly rent under this lease is currently \$4,000. In addition, the Company leases equipment under two operating leases expiring in 1999. Monthly rent under the equipment leases is \$450.

Rental expense for the years ended December 31, 1996 and 1997, was \$70,000 and \$60,000, respectively.

December 31, 1996 and 1997

Litigation

The Company has been named as defendant in various legal proceedings arising out of the normal course of business. It is the opinion of management, after consultation with legal counsel, that the amount, if any, of the Company's ultimate liability under all current legal proceedings will not have a material adverse effect on the financial position or results of operations of the Company.

5. STOCK OPTION AND BONUS PLANS:

The Company had an Incentive stock option plan (the stock option plan). The Company granted options to two employees of the Company to purchase up to 200 shares each of class B common stock at a price equal to 50% of the fair market value of the stock on the exercise date. In 1996, the stock option plan was extended for two years (January 1, 1996 to December 31, 1997). During 1996 and 1997, the Company granted options under the plan and recognized compensation expense because the option price was below the estimated market price of the stock.

The Company also had a Stock Bonus Plan (the Bonus Plan). Under provisions of the Bonus Plan, the Company could, at its discretion, award two employees of the Company up to an aggregate of 200 shares each of class B common stock. The Bonus Plan was extended in 1996 for two years. During 1996, the Company awarded 50 shares to each employee under the Bonus Plan. During 1997, the Company awarded 100 shares to each employee for services performed. Compensation expense equal to the fair market value of the class B common stock awarded has been recorded for 1996 and 1997 to reflect such awards.

Agreements between the Company and three of its former stockholders generally provide that none of their shares (as specifically defined) may be sold, transferred or exchanged without the prior written consent of the Company.

In addition, the agreements specify the rights of the stockholders and the obligations of the Company in the event of death, termination of employment or change in control of the Company. The agreements state that if a change in control of the Company occurs, the employees' right to exercise their options will cease. If the Company is required to repurchase any of the shares, the purchase price shall be the fair market value of such shares (as specifically defined). As of June 30, 1998, all options terminated.

The Company accounts for its stock option plans in accordance with Accounting Principles Board Opinion No. 25. Had compensation cost for the plans been determined consistent with Statement of Financial Accounting Standards No. 123, "Accounting for Stock Based Compensation," the difference in the Company's pro forma net income would have been immaterial.

BELL BROADCASTING COMPANY

NOTES TO FINANCIAL STATEMENTS--(Continued)

December 31, 1996 and 1997

6. INCOME TAXES:

A reconciliation of the statutory federal income taxes to the recorded income tax (benefit) provision for the years ended December 31, 1996 and 1997 is as follows:

	December 31,	
	1996	1997
Statutory tax (@ 35% rate).....	\$(120,000)	\$ 19,000
Effect of state taxes, net of federal.....	16,000	3,000
Effect of graduated tax rate.....	--	(12,000)
Other nondeductible items.....	23,000	28,000
Nondeductible compensation expense.....	3,000	6,000
	-----	-----
(Benefit) provision for income taxes.....	\$ (78,000)	\$ 44,000
	=====	=====

The components of the (benefit) provision for income taxes for the years ended December 31, 1996 and 1997 are as follows:

	December 31,	
	1996	1997
Current.....	\$(105,000)	\$20,000
Deferred.....	27,000	24,000
	-----	-----
(Benefit) provision for income taxes.....	\$ (78,000)	\$44,000
	=====	=====

Deferred income taxes reflect the net tax effect of temporary differences between the financial statement and tax basis of assets and liabilities. The significant components of the Company's deferred tax assets and liability as of December 31, 1997, are as follows:

	December 31,
	1997
	-----
Deferred tax assets--	
Reserve for bad debts.....	\$ 10,000
Deferred tax liability--	
Other.....	(13,000)
	-----
Net deferred tax liability.....	\$ (3,000)
	=====

7. SALE OF CAPITAL STOCK:

On December 23, 1997, the stockholders of the Company entered into an Agreement with Radio One, Inc. to sell all of the issued and outstanding shares of the capital stock of the Company for approximately \$34 million. Prior to the sale, the stockholders of the Company assumed certain debt totaling \$771,000 and acquired certain assets of the Company totaling \$99,000. The net book value of the assets acquired and the liabilities assumed prior to the sale was recorded as a capital contribution from the owners. The sale to Radio One, Inc. was completed on June 30, 1998.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders of  
Allur-Detroit, Inc.:

We have audited the accompanying balance sheet of Allur-Detroit, Inc. (a wholly owned subsidiary of Syndicated Communications Venture Partners II, LP) for the year ended December 31, 1997, and the related statements of operations, changes in stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of Allur-Detroit, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Allur-Detroit, Inc. for the year ended December 31, 1997, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

/s/ MITCHELL & TITUS LLP

Washington, D.C.,  
March 25, 1998



ALLUR-DETROIT, INC.

BALANCE SHEETS

As of December 31, 1997 and September 30, 1998

	December 31, 1997	September 30, 1998
	-----	-----
	(Unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash.....	\$ 86,000	\$ 172,000
Trade accounts receivable, net of allowance of \$77,000.....	410,000	805,000
Prepaid expenses and other.....	55,000	42,000
	-----	-----
Total current assets.....	551,000	1,019,000
PROPERTY AND EQUIPMENT, net.....	75,000	82,000
INTANGIBLE ASSETS, net.....	7,563,000	7,429,000
	-----	-----
Total assets.....	\$8,189,000	\$8,530,000
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable an accrued expenses.....	\$ 829,000	\$1,056,000
	-----	-----
NOTES PAYABLE AND DEFERRED INTEREST.....	3,229,000	3,892,000
	-----	-----
Total liabilities.....	4,058,000	4,948,000
	-----	-----
COMMITMENTS		
CUMULATIVE REDEEMABLE PREFERRED STOCK, \$2,000 par value, 1,050 shares authorized, 1,050 and 975 shares issued and outstanding, respectively.....	2,100,000	1,950,000
STOCKHOLDERS' EQUITY:		
Common stock, \$1.00 par value, 1,000 shares authorized and 975 shares issued and outstanding.....	1,000	1,000
Additional paid-in capital.....	2,463,000	2,463,000
Accumulated deficit.....	(433,000)	(832,000)
	-----	-----
Total stockholders' equity.....	2,031,000	1,632,000
	-----	-----
Total liabilities and stockholders' equity.....	\$8,189,000	\$8,530,000
	=====	=====

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

ALLUR-DETROIT, INC.

STATEMENTS OF OPERATIONS

For the Year Ended December 31, 1997  
and for the Nine Months Ended September 30, 1997 and 1998

	December 31,	Nine Months Ended	
	1997	1997	1998
		(Unaudited)	(Unaudited)
<b>REVENUE:</b>			
Broadcast revenue.....	\$2,473,000	\$1,884,000	\$2,509,000
Less: Agency commissions.....	259,000	207,000	379,000
Net broadcast revenue.....	2,214,000	1,677,000	2,130,000
<b>OPERATING EXPENSES:</b>			
Programming and technical.....	894,000	477,000	592,000
Selling, general and administrative....	1,467,000	1,247,000	1,412,000
Corporate expenses.....	36,000	27,000	27,000
Depreciation and amortization.....	245,000	183,000	167,000
Total operating expenses.....	2,642,000	1,934,000	2,198,000
Operating loss.....	(428,000)	(257,000)	(68,000)
INTEREST EXPENSE.....	222,000	147,000	281,000
OTHER INCOME (EXPENSE), net.....	217,000	126,000	(50,000)
Loss before provision for income taxes.....	(433,000)	(278,000)	(399,000)
PROVISION FOR INCOME TAXES.....	--	--	--
Net loss.....	\$ (433,000)	\$ (278,000)	\$ (399,000)

The accompanying notes are an integral part of these statements.

ALLUR-DETROIT, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
 For the Year Ended December 31, 1997  
 and for the Nine Months Ended September 30, 1998

	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	-----	-----	-----	-----
BALANCE, December 31, 1996.....	\$1,000	\$2,463,000	\$ --	\$2,464,000
Net loss.....	--	--	(433,000)	(433,000)
	-----	-----	-----	-----
BALANCE, December 31, 1997.....	1,000	2,463,000	(433,000)	2,031,000
Net loss.....	--	--	(399,000)	(399,000)
	-----	-----	-----	-----
BALANCE, September 30, 1998 (unaudited).....	\$1,000	\$2,463,000	\$(832,000)	\$1,632,000
	=====	=====	=====	=====

The accompanying notes are an integral part of these statements.

ALLUR-DETROIT, INC.

STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 1997  
and for the Nine Months Ended September 30, 1997 and 1998

	December 31, 1997	September 30, ----- 1997                      1998 ----- (Unaudited)      (Unaudited)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net loss.....	\$ (433,000)	\$ (278,000)	\$(399,000)
Adjustments to reconcile net loss to net cash from operating activities:			
Depreciation and amortization.....	245,000	183,000	167,000
Effect of change in operating assets and liabilities--			
Trade accounts receivable.....	32,000	(95,000)	(395,000)
Prepaid expenses and other.....	(45,000)	(59,000)	13,000
Accounts payable and accrued expenses.....	(172,000)	(60,000)	227,000
	-----	-----	-----
Net cash flows from operating activities.....	(373,000)	(309,000)	(387,000)
	-----	-----	-----
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of equipment.....	(39,000)	--	(40,000)
	-----	-----	-----
Net cash flows from investing activities.....	(39,000)	--	(40,000)
	-----	-----	-----
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Redemption of preferred stock.....	--	--	(150,000)
Repayment of debt.....	(1,676,000)	(1,257,000)	--
Proceeds from notes payable.....	2,152,000	1,614,000	663,000
	-----	-----	-----
Net cash flows from financing activities.....	476,000	357,000	513,000
	-----	-----	-----
NET INCREASE IN CASH.....	64,000	48,000	86,000
CASH, beginning of period.....	22,000	22,000	86,000
	-----	-----	-----
CASH, end of period.....	\$ 86,000	\$ 70,000	\$ 172,000
	=====	=====	=====
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING INFORMATION:</b>			
Interest paid.....	\$ 81,000	\$ --	\$ --
	=====	=====	=====
Income taxes paid.....	\$ --	\$ --	\$ --
	=====	=====	=====

The accompanying notes are an integral part of these statements.

ALLUR-DETROIT, INC.

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION:

Allur-Detroit, Inc. (the Company) is a subsidiary of Syndicated Communications Ventures Partners II, LP (SYNCOM II). The Company's sole activity is to operate WWBR-FM, a radio station that broadcasts from Detroit, Michigan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Interim Financial Statements

The financial statements for the nine months ended September 30, 1997 and 1998, are unaudited but, in the opinion of management, such financial statements have been presented on the same basis as the audited financial statements for the year ended December 31, 1997, and include all adjustments, consisting only of normal recurring adjustments necessary for a fair presentation of the financial position and results of operations and cash flows for these periods.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method.

The components of property and equipment as of December 31, 1997 and September 30, 1998, are as follows:

	December 31, 1997	September 30, 1998	Period of Depreciation
	-----	-----	-----
	(Unaudited)		
Leasehold improvements.....	\$ 7,000	\$ 8,000	10 years
Transmitter equipment.....	17,000	17,000	5 years
Studio and other technical equipment.....	46,000	59,000	7 years
Office furniture and equipment..	45,000	54,000	5 years
Automobiles.....	--	17,000	5 years
	-----	-----	
	115,000	155,000	
Less: Accumulated depreciation and amortization.....	40,000	73,000	
	-----	-----	
Property and equipment, net.....	\$ 75,000	\$ 82,000	
	=====	=====	

Intangible Assets

Management periodically reviews its unamortized intangible asset balances to ensure that those assets have not been impaired in accordance with the definition of Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived assets and for Long-Lived assets to be disposed of." As of

NOTES TO FINANCIAL STATEMENTS--(Continued)

September 30, 1998, management has made such evaluations and believes that the net intangible asset is realizable. In any period which management believes an impairment has occurred, management will write down the asset in accordance with this standard.

Revenue Recognition

Revenue for advertising is recognized when the commercial is broadcasted.

Barter Arrangements

Certain program contracts provide for the exchange of advertising air time in lieu of cash payments for the rights to such programming. These contracts are recorded as the programs are aired at the estimated fair value of the advertising air time given in exchange for the program rights.

The Company broadcasts certain customers' advertising in exchange for equipment, merchandise and services. The estimated fair value of the equipment, merchandise or services received is recorded as deferred barter costs and the corresponding obligation to broadcast advertising is recorded as deferred barter revenue. The deferred barter costs are expensed or capitalized as they are used, consumed or received. Deferred barter revenue is recognized as the related advertising is aired.

Financial Instruments

Financial instruments as of December 31, 1997, and September 30, 1998, consist of cash, trade accounts receivable, accounts payable, accrued expenses, preferred stock, and notes payable all of which the carrying amounts approximate fair value.

New Accounting Standards

During 1997, the Financial Accounting Standards Board (FASB) issued SFAS No. 130, "Reporting Comprehensive Income" (SFAS No. 130), which is effective for fiscal years beginning after December 15, 1997. This statement establishes standards for reporting and display of comprehensive income and its components. The Company adopted SFAS No. 130 during the nine months ended September 30, 1998, and has determined that the adoption of this statement has no impact on the financial statements, as the Company has no comprehensive income adjustments.

During 1997, the FASB issues SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" (SFAS No. 131), which is effective for fiscal years beginning after December 15, 1997. This statement establishes a new approach for determining segments within a company and reporting information on those segments. The Company adopted this statement during the nine months ended September 30, 1998 and concluded that it had only one segment.

3. INTANGIBLE ASSETS:

Intangible asset balances and periods of amortization as of December 31, 1997, and September 30, 1998, are as follows:

	December 31, 1997	September 30, 1998	Period of Amortization
	-----	-----	-----
		(Unaudited)	
Goodwill and FCC license.....	\$7,768,000	\$7,768,000	40 years
Less: Accumulated amortization....	205,000	339,000	
	-----	-----	
	\$7,563,000	\$7,429,000	
	=====	=====	

ALLUR-DETROIT, INC.

NOTES TO FINANCIAL STATEMENTS--(Continued)

Depreciation and amortization expense for the year ended December 31, 1997, and for the nine months ended September 30, 1997 and 1998, was \$245,000, \$183,000 and \$167,000, respectively.

4. RELATED PARTY TRANSACTIONS:

Notes Payable

Notes payable consist of the following:

	December 31, 1997	September 30, 1998
	-----	-----
	(Unaudited)	
SYNCOM II--long-term debt--10% annually.....	\$1,676,000	\$1,676,000
SYNCOM III--long-term debt--10% annually.....	1,362,000	1,362,000
SYNCOM II--line of credit--8% annually.....	191,000	854,000
	-----	-----
Total.....	\$3,229,000	\$3,892,000
	=====	=====

The debt owed to SYNCOM II and SYNCOM III are due and payable in lump-sum the earlier of a sale of the license of Allur-Detroit, a sale of substantially all of the assets of Allur-Detroit, a sale of a controlling interest in the common stock shares of Allur-Detroit, or at December 31, 1999 (see Note 7). The debt is secured by the FCC license and assets of the Company.

Management Fee

The Company entered into an agreement with Syncom Management, Inc. whereby it pays \$36,000 per year for accounting services. Syncom Management, Inc. also provides management and financial services to SYNCOM II, the owner of the Company.

5. COMMITMENTS:

Operating Leases

The Company rents office space and transmittal sites under several operating leases. These leases expire at various dates through 2002, with most containing renewal options.

Future minimum rental payments under such noncancellable operating leases as of September 30, 1998, are as follows:

Year	
----	
1998 (remaining).....	\$37,000
1999.....	148,000
2000.....	148,000
2001.....	91,000
2002.....	98,000

NOTES TO FINANCIAL STATEMENTS--(Continued)

6. CUMULATIVE REDEEMABLE PREFERRED STOCK:

On December 4, 1992, the Company issued 1,050 shares of cumulative redeemable preferred stock to PNC Bank, formerly Continental Bank. The preferred stock earns cumulative annual dividends of eight percent (8%) of par value.

Under the terms of the PNC Bank/Allur-Detroit settlement agreement of December 31, 1996, redemption of the preferred stock shall occur at the date when: (i) repayment is effected in full of principal and interest on lenders' new notes, or (ii) at the maturity date of the new notes when the lenders shall cause the Company to repay, whichever happens first. In such a situation, all outstanding shares of preferred stock shall be redeemed at a price equal to the par value, plus an amount equal to both accrued and undeclared dividends payable from available funds as stipulated in Section 2.2 of the Shareholders Agreement dated December 4, 1992. As of September 30, 1998, circumstances supporting the redemption of the preferred stock did not occur.

The Company had not declared and has not recorded an accrual for cumulative preferred stock dividends. At September 30, 1998, cumulative unpaid preferred dividends amounted to \$958,667. Such dividends, if declared, would have been paid out of cumulative retained earnings of the Company, if any.

On February 20, 1998, the Company paid \$150,000, representing a partial payment toward the required redemption of the preferred stock held by PNC Bank. From this date hereof, the balance due for payment on the preferred stock is \$1,950,000. Subsequent to September 30, 1998, the \$1,950,000 of preferred stock was redeemed for the face value without the dividend being declared.

7. INCOME TAXES:

The Company accounted for income taxes in accordance with Statement of Financial Accounting standards No. 109, "Accounting for Income Taxes" (SFAS 109). Under SFAS 109, deferred income taxes reflect the impact of temporary differences between the assets and liabilities recognized for financial reporting purposes and amounts recognized for tax purposes. Deferred taxes are based on tax laws as currently enacted.

A reconciliation of the statutory federal income taxes to the recorded income tax provision for the year ended December 31, 1997, is as follows:

Statutory Tax (@ 35% rate).....	\$(152,000)
Effect of state taxes, net of federal.....	(18,000)
Effect of graduated tax rate.....	5,000
Valuation reserve.....	165,000
	-----
Provision for income taxes.....	\$ --
	=====

The components of the provision for income taxes for the years ended December 31, 1997 are as follows:

Current.....	\$ --
Deferred.....	(165,000)
Valuation reserve.....	165,000
	-----
Provision for income taxes.....	\$ --
	=====



ALLUR-DETROIT, INC.

NOTES TO FINANCIAL STATEMENTS--(Continued)

Deferred income taxes reflect the net tax effect of temporary differences between the financial statement and tax basis of assets and liabilities. The significant components of the Company's deferred tax assets and liabilities as of December 31, 1997, are as follows:

Deferred tax assets--	
NOL carryforward.....	\$180,000
Deferred tax liabilities--	
Depreciation.....	(15,000)
Net deferred tax asset--	165,000
Less:Valuation reserve.....	(165,000)
	-----
Deferred taxes included in the accompanying consolidated	
balance sheets.....	\$ --
	=====

A 100% valuation reserve has been applied against the net deferred tax asset, as its realization is not considered to be more likely than not to be realized.

As of December 31, 1997, there was approximately \$400,000 of available net operating loss carry forwards that expire through 2011.

8. SUBSEQUENT EVENTS:

On October 26, 1998, the stockholders of the Company entered into a stock purchase agreement with Radio One, Inc. to sell all of the issued and outstanding shares of capital stock of the Company for approximately \$27 million. The sale is expected to be completed by December 31, 1998.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders of  
Radio One, Inc.:

We have audited the accompanying combined balance sheets of the Richmond operations of Sinclair Telecable, Inc., consisting of stations WCDX-FM, WPLZ-FM, WJRV-FM and WGCV-AM (the Stations) as of December 31, 1997 and 1998, and the related combined statements of operations and changes in station equity and cash flows for the years then ended. These financial statements are the responsibility of the Stations' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying combined financial statements have been prepared from the separate records maintained by the Stations and may not be indicative of the conditions that would have existed or the results of operations had the Stations been operated as an unaffiliated entity. As discussed in Note 1, certain corporate overhead and other expenses represent allocations made by the Stations' parent.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Richmond operations of Sinclair Telecable, Inc., consisting of stations WCDX-FM, WPLZ-FM, WJRV-FM and WGCV-AM as of December 31, 1997 and 1998 and the results of their operations and their cash flows for the years then ended, in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

Baltimore, Maryland,  
March 5, 1999

THE RICHMOND OPERATIONS OF SINCLAIR TELECABLE, INC.

COMBINED BALANCE SHEETS  
As of December 31, 1997 and 1998  
and March 31, 1999

	1997	1998	March 31, 1999
	-----	-----	-----
			(unaudited)
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents.....	\$ 55,000	\$ 142,000	\$ 36,000
Trade accounts receivable, net of allowance for doubtful accounts of \$39,000, \$50,000, 44,000 respectively.....	1,282,000	1,400,000	1,447,000
Prepaid expenses and other.....	47,000	31,000	18,000
	-----	-----	-----
Total current assets.....	1,384,000	1,573,000	1,501,000
PROPERTY AND EQUIPMENT, net.....	922,000	1,202,000	1,192,000
INTANGIBLE ASSETS, net.....	4,065,000	3,692,000	3,599,000
	-----	-----	-----
Total assets.....	\$6,371,000	\$6,467,000	\$6,292,000
	=====	=====	=====
LIABILITIES AND STATION EQUITY			
CURRENT LIABILITIES:			
Accounts payable and accrued expenses.....	\$ 423,000	\$ 566,000	\$ 200,000
COMMITMENTS			
STATION EQUITY.....	5,948,000	5,901,000	6,092,000
	-----	-----	-----
Total liabilities and station equity.....	\$6,371,000	\$6,467,000	\$6,292,000
	=====	=====	=====

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

THE RICHMOND OPERATIONS OF SINCLAIR TELECABLE, INC.

COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN STATION EQUITY

For the Years Ended December 31, 1997 and 1998

and the Three Months Ended March 31, 1998 and 1999

	1997	1998	Three Months Ended March 31,	
			1998	1999
(unaudited)				
<b>REVENUE:</b>				
Broadcast revenue, including barter revenue of \$249,000, \$304,000, 79,495 and 37,440 respectively..	\$ 8,330,000	\$ 8,509,000	\$ 1,785,000	\$ 1,625,000
Less: Agency commissions.....	1,041,000	1,051,000	299,000	227,000
Net broadcast revenue.....	7,289,000	7,458,000	1,486,000	1,398,000
<b>OPERATING EXPENSES:</b>				
Program and technical.....	1,313,000	1,498,000	273,000	354,000
Selling, general and administrative.....	3,025,000	3,170,000	587,000	589,000
Corporate allocations.....	311,000	413,000	90,000	122,000
Depreciation and amortization.....	569,000	648,000	142,000	162,000
Total operating expenses.....	5,218,000	5,729,000	1,092,000	1,227,000
Net income.....	2,071,000	1,729,000	394,000	171,000
STATION EQUITY, beginning of year.....	6,548,000	5,948,000	5,948,000	5,901,000
NET TRANSFER (TO) FROM PARENT.....	(2,671,000)	(1,776,000)	(516,000)	20,000
STATION EQUITY, end of year.....	\$ 5,948,000	\$ 5,901,000	\$ 5,826,000	\$ 6,092,000

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

THE RICHMOND OPERATIONS OF SINCLAIR TELECABLE, INC.

COMBINED STATEMENTS OF CASH FLOWS  
 For the Years Ended December 31, 1997 and 1998  
 and the Three Months Ended March 31, 1998 and 1999

	December 31,		March 31,	
	1997	1998	1998	1999
			(unaudited)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net income.....	\$ 2,071,000	\$ 1,729,000	\$ 394,000	\$ 171,000
Adjustments to reconcile net income to net cash from operating activities--				
Depreciation and amortization.....	569,000	648,000	142,000	162,000
Effect of change in operating assets and liabilities--				
Trade accounts receivable.....	109,000	(118,000)	161,000	(47,000)
Prepaid expenses and other.....	(33,000)	16,000	27,000	13,000
Accounts payable and accrued expenses.....	(63,000)	143,000	(180,000)	(366,000)
Net cash flows from operating activities..	2,653,000	2,418,000	544,000	(67,000)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of property and equipment.....	(49,000)	(555,000)	(59,000)	(59,000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Net transfer (to) from parent.....	(2,671,000)	(1,776,000)	(516,000)	20,000
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS.....	(67,000)	87,000	(31,000)	(106,000)
CASH AND CASH EQUIVALENTS, beginning of year.....	122,000	55,000	55,000	142,000
CASH AND CASH EQUIVALENTS, end of year.....	\$ 55,000	\$ 142,000	\$ 24,000	\$ 36,000
	=====	=====	=====	=====

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

THE RICHMOND OPERATIONS OF SINCLAIR TELECABLE, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS  
December 31, 1997 and 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization and Business

The radio stations, WCDX-FM, WPLZ-FM, WJRV-FM and WGCV-AM (Stations) are broadcast in the Richmond area. WCDX-FM, WPLZ-FM and WGCV-AM are owned by Sinclair Telecable, Inc. (Sinclair). WJRV-FM is owned by Commonwealth Broadcasting LLC (Commonwealth), a related party. Sinclair owns 25% of Commonwealth. The remaining 75% of Commonwealth is owned by some of the shareholders of Sinclair. Commonwealth has been fully consolidated into the combined financial statements of Sinclair Telecable, Inc. and Affiliates (combined, Sinclair).

In March 1999, Sinclair entered into a letter of intent with Radio One, Inc. to sell ultimately all of the tangible and intangible assets of these Richmond operations for approximately \$34 million. Sinclair and Radio One, Inc. intend to enter into a local marketing agreement under which Radio One, Inc. will operate these Richmond operations prior to completing its acquisition of these operations. Accordingly, these combined financial statements of the Richmond operations include the stations to be purchased by Radio One, Inc. All inter-station transactions have been eliminated in consolidation.

Basis of Presentation

The accompanying combined financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interim Financial Statements (unaudited)

The interim combined financial statements included herein for the Richmond operations of Sinclair Telecable, Inc. have been prepared by management, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. 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 disclosure normally included in the financial statements prepared in accordance with generally accepted accounting principles 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.

Corporate Expenses

The Stations are allocated certain corporate expenses for services provided by Sinclair based upon the percentage of revenue of each station to total revenue of all stations operated by Sinclair. Though management is of the opinion that all allocations used are reasonable and appropriate, other allocations might be used that could produce results substantially different from those reflected herein and these cost allocations might not be indicative of amounts which might be paid to unrelated parties for similar services or if Stations had been operated on a stand-alone basis.

Sinclair corporate departmental expenses of \$311,000 and \$413,000 have been allocated to the Stations during 1997 and 1998, respectively, for management salaries and benefits, legal services, corporate office, and other miscellaneous expenses.

THE RICHMOND OPERATIONS OF SINCLAIR TELECABLE, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS--(Continued)

December 31, 1997 and 1998

The acquisition of station WJRV-FM was partially financed with debt which was allocated to the Stations. This debt and related accrued interest expense was eliminated through cash transfers to the parent. Cash transfers in excess of amounts required to repay debt and secured interest reduces the Stations equity and is recorded as net transfer to parent.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and money market accounts at various commercial banks. All cash equivalents have original maturities of 90 days or less. For cash and cash equivalents, cost approximates market value.

Property and Equipment

Property and equipment are recorded at cost and are being depreciated on a straight-line basis over various periods. The components of the Stations' property and equipment as of December 31, 1997 and 1998, are as follows:

	1997	1998	Period of Depreciation
	-----	-----	-----
<b>PROPERTY AND EQUIPMENT:</b>			
Land.....	\$ 57,000	\$ 57,000	--
Building and leasehold improvements...	140,000	147,000	31 or 10 years
Furniture and fixtures.....	179,000	241,000	7 or 10 years
Broadcasting equipment.....	2,145,000	2,611,000	5 to 7 years
Vehicles.....	55,000	75,000	5 years
	-----	-----	
	2,576,000	3,131,000	
Less: Accumulated depreciation.....	1,654,000	1,929,000	
	-----	-----	
Property and equipment, net.....	\$ 922,000	\$1,202,000	
	=====	=====	

Depreciation expenses for the fiscal years ended December 31, 1997 and 1998, were \$263,000 and \$275,000, respectively.

Revenue Recognition

In accordance with industry practice, revenue for broadcast advertising is recognized when the commercial is broadcast.

Barter Arrangements

Certain program contracts provide for the exchange of advertising air time in lieu of cash payments for the rights to such programming. These contracts are recorded as the programs are aired at the estimated fair value of the advertising air time given in exchange for the program rights.

Financial Instruments

Financial instruments as of December 31, 1997 and 1998, consist of cash and cash equivalents, trade accounts receivables, accounts payable and accrued expenses, all of which the carrying amounts approximate fair value except.

THE RICHMOND OPERATIONS OF SINCLAIR TELECABLE, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS--(Continued)

December 31, 1997 and 1998

2. INTANGIBLE ASSETS:

Intangible assets are being amortized on a straight-line basis over various periods. The intangible asset balances and periods of amortization as of December 31, 1997 and 1998, are as follows:

	1997	1998	Period of Amortization
FCC broadcast license.....	\$4,489,000	\$4,489,000	15 Years
Goodwill.....	45,000	45,000	40 Years
Debt financing.....	27,000	27,000	Life of Debt
Organizational costs.....	99,000	--	5 Years
Total.....	4,660,000	4,561,000	
Less: Accumulated amortization.....	595,000	869,000	
Net intangible assets.....	\$4,065,000	\$3,692,000	

Amortization expense for the fiscal years ended December 31, 1997 and 1998, was \$306,000 and \$373,000, respectively. During 1998, the Stations wrote off approximately \$69,000 of unamortized start-up costs.

3. INCOME TAXES:

As the Stations' parent company is an S corporation, no provision for income taxes has been included in the accompanying statements of operations.

4. COMMITMENTS:

The Stations lease office space for its office and broadcast studios and a tower site under operating leases which expire through January 1, 2020. Rent expense for the years ended December 31, 1997 and 1998, was \$152,000 and \$154,000, respectively. The future minimum rental payments for the next five years are as follows:

Year	
1999.....	\$ 185,000
2000.....	183,000
2001.....	189,000
2002.....	196,000
2003.....	104,000
Thereafter.....	1,335,000

5. PROFIT SHARING:

Sinclair Telecable, Inc. has a 401(k) profit sharing plan for its employees. Sinclair Telecable, Inc. can contribute to the plan at the discretion of its board of directors. Sinclair Telecable, Inc. did not contribute to the plan during fiscal year 1997 or 1998.



6. SUBSEQUENT EVENT (unaudited):

Effective June 1, 1999, Sinclair entered into a local marketing agreement with Radio One, Inc. As a result of the local marketing agreement, Sinclair's only operations, subsequent to the local marketing agreement, was the maintenance of the assets used by Radio One, Inc. in the local marketing agreement. As such, the three-month period ending March 31, 1999 was the last full quarter that Sinclair had operating results from operating the stations. As of June 30, 1999 the broadcast revenues and receivables from these stations were included in the financial statements of Radio One, Inc.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders of  
Radio One, Inc.:

We have audited the accompanying combined balance sheet of the stations WKJS-FM and WSOJ-FM of FM-100 (the Stations) as of December 31, 1998, and the related combined statements of operations and changes in station (deficit) equity and cash flows for the year then ended. These financial statements are the responsibility of the Stations' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying combined financial statements have been prepared from the separate records maintained by the Stations and may not be indicative of the conditions that would have existed or the results of operations had the Stations been operated as an unaffiliated entity. As discussed in Note 1, certain corporate overhead and other expenses represent allocations made by the Stations' parent.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the stations WKJS-FM and WSOJ-FM of FM-100, Inc., as of December 31, 1998, and the results of their operations and their cash flows for the year then ended, in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP

Baltimore, Maryland,  
March 10, 1999

STATIONS WKJS-FM AND WSOJ-FM OF FM 100 INC.

COMBINED BALANCE SHEET

AS OF DECEMBER 31, 1998 AND JUNE 30, 1999

ASSETS

-----

	December 31, 1998	June 30, 1999
	-----	-----
		(unaudited)
CURRENT ASSETS:		
Cash and cash equivalents	\$ 34,000	\$ 87,000
Trade accounts receivable, net of allowance for doubtful		
accounts of \$28,000 and \$61,000 respectively	326,000	773,000
Prepays and other	--	10,000
	-----	-----
Total current assets	360,000	870,000
PROPERTY AND EQUIPMENT, net	1,079,000	1,041,000
INTANGIBLE ASSETS, net	3,343,000	3,282,000
	-----	-----
Total assets	\$4,782,000	\$5,193,000
	=====	=====

LIABILITIES AND STATION (DEFICIT) EQUITY

CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 168,000	\$ 102,000
Capital lease obligations	13,000	16,000
	-----	-----
Total current liabilities	181,000	118,000
LONG-TERM LIABILITIES:		
Allocation of long-term debt	5,000,000	5,006,000
Capital lease obligations	49,000	48,000
	-----	-----
Total liabilities	5,230,000	5,172,000
COMMITMENTS AND CONTINGENCIES		
STATION (DEFICIT) EQUITY	(448,000)	21,000
	-----	-----
Total liabilities and station (deficit) equity	\$4,782,000	\$5,193,000
	=====	=====

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

STATIONS WKJS-FM AND WSOJ-FM OF FM 100 INC.

COMBINED STATEMENT OF OPERATIONS AND CHANGES IN STATION (DEFICIT) EQUITY

FOR THE YEAR ENDED DECEMBER 31, 1998  
AND THE SIX MONTHS ENDED  
JUNE 30, 1998 AND 1999

	December 31, 1998	June 30, ----- 1998                  1999 ----- (unaudited)	
REVENUE:			
Broadcast revenue, including barter revenue of \$169,000	\$1,187,000	\$ 320,000	\$1,420,000
Less: Agency commissions	125,000	--	--
	-----	-----	-----
Net broadcast revenue	1,062,000	320,000	1,420,000
	-----	-----	-----
OPERATING EXPENSES:			
Program and technical	192,000	86,000	131,000
Selling, general and administrative	810,000	383,000	528,000
Corporate allocations	15,000	9,000	8,000
Depreciation and amortization	416,000	172,000	182,000
	-----	-----	-----
Total operating expenses	1,433,000	650,000	849,000
	-----	-----	-----
Operating loss	(371,000)	(330,000)	571,000
	-----	-----	-----
OTHER INCOME (EXPENSE):			
Interest expense	(500,000)	(240,000)	(231,000)
Other income	21,000	3,000	8,000
	-----	-----	-----
Total other income (expense), net	(479,000)	(237,000)	(223,000)
	-----	-----	-----
Net (loss) income	(850,000)	(567,000)	348,000
STATION EQUITY (DEFICIT), beginning of year	177,000	177,000	(448,000)
NET TRANSFER FROM PARENT	225,000	--	121,000
	-----	-----	-----
STATION EQUITY (DEFICIT), end of year	\$ (448,000)	\$(390,000)	\$ 21,000
	=====	=====	=====

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

STATIONS WKJS-FM AND WSOJ-FM OF FM 100 INC.

COMBINED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 1998  
AND THE SIX MONTHS ENDED JUNE 30, 1998 AND 1999

	December 31,	June 30,	
	1998	1998	1999
		(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (loss) income	\$(850,000)	\$(567,000)	\$348,000
Adjustments to reconcile net loss to net cash used in operating activities-			
Depreciation and amortization	416,000	172,000	182,000
Effect of change in operating assets and liabilities-			
Trade accounts receivable	(257,000)	(350,000)	(447,000)
Prepaid expenses and other	3,000	(2,000)	(10,000)
Accounts payable and accrued expenses	99,000	(50,000)	(66,000)
Net cash flows (used in) provided by operating activities	(589,000)	(797,000)	7,000
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(58,000)	(40,000)	(81,000)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net transfer from parent	225,000	339,000	121,000
Proceeds from parent debt	427,000	500,000	6,000
Net cash flows from financing activities	652,000	839,000	127,000
INCREASE IN CASH	5,000	2,000	53,000
CASH AND CASH EQUIVALENTS, beginning of year	29,000	29,000	34,000
CASH AND CASH EQUIVALENTS, end of year	\$ 34,000	\$ 31,000	\$ 87,000
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid for interest	\$ 477,000	\$ 217,000	\$254,000

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

STATIONS WKJS-FM AND WSOJ-FM OF FM 100 INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization and Business

The radio stations, WKJS-FM and WSOJ-FM (the Stations) are broadcast in the Richmond area. The combined financial statements of the Stations were formed effective January 4, 1998, when FM 100, Inc. purchased station WKJS-FM for \$4,500,000. Station WSOJ-FM was owned by FM 100, Inc. since 1994.

In February 1999, FM 100, Inc. signed an agreement with Radio One, Inc. to sell all tangible and intangible assets for approximately \$12,000,000, subject to certain earn-out adjustments. The sale is expected to close during 1999. The accompanying combined financial statements include the assets, liabilities and results of operations of those stations to be acquired by Radio One, Inc. and were prepared from the financial statements of FM 100, Inc. All inter-station transactions have been eliminated in consolidation.

The Stations have incurred an operating loss of \$371,000 and a net loss of \$850,000 for the year ended December 31, 1998. Also, as of December 31, 1998, the Stations had a station deficit of \$448,000. These factors, along with others could negatively impact future operations of the Stations.

Basis of Presentation

The accompanying combined financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interim Financial Statements

The interim combined financial statements included herein for the Stations have been prepared by management without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. 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 generally accepted accounting principles 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.

On July 1, 1999, Radio One purchased the assets of the Stations for \$4,600,000.

Certain Corporate Expenses

The Stations are allocated certain corporate expenses for services provided by FM 100, Inc. based upon the percentage of revenue of each station to total revenue of all stations operated by FM 100, Inc. Though management is of the opinion that all allocations used are reasonable and appropriate, other allocations might be used that could produce results substantially different from those reflected herein and these cost allocations might not be indicative of amounts which might be paid to unrelated parties for similar services if the Stations had been operated on a stand-alone basis.

FM 100, Inc. corporate departmental expenses of \$15,000 have been allocated to the Stations during 1998 for accounting services and other miscellaneous expenses.

STATIONS WKJS-FM AND WSOJ-FM OF FM 100 INC.

NOTES TO COMBINED FINANCIAL STATEMENTS--(Continued)

Property and Equipment

Property and equipment are recorded at cost and are being depreciated on a straight-line basis over various periods. The components of the Stations's property and equipment as of December 31, 1998, are as follows:

	1998	Period of Depreciation
	-----	-----
PROPERTY AND EQUIPMENT:		
Land.....	\$ 173,000	--
Building.....	646,000	15 years
Furniture and fixtures.....	211,000	10 years
Broadcasting equipment.....	262,000	7 years
Vehicles.....	17,000	5 years
	-----	
	1,309,000	
Less: Accumulated depreciation.....	230,000	
	-----	
Property and equipment, net.....	\$1,079,000	
	=====	

Depreciation expense for the fiscal year ended December 31, 1998, was \$102,000.

Revenue Recognition

In accordance with industry practice, revenue for broadcast advertising is recognized when the commercial is broadcast.

Barter Arrangements

Certain program contracts provide for the exchange of advertising air time in lieu of cash payments for the rights to such programming. These contracts are recorded as the programs are aired at the estimated fair value of the advertising air time given in exchange for the program rights.

Financial Instruments

Financial instruments as of December 31, 1998, consist of cash and cash equivalents, trade accounts receivables, accounts payable, accrued expenses, long-term debt, and capital leases, all of which the carrying amounts approximate fair value.

Supplemental Cash Flow Information

During 1998, FM 100, Inc. obtained a \$5,000,000 loan from a bank of which \$4,500,000 was used to finance the purchase of WKJS-FM and \$73,000 was used to pay debt issuance cost. The remaining \$427,000 transferred to the Stations for operating purposes.

NOTES TO COMBINED FINANCIAL STATEMENTS--(Continued)

2. INTANGIBLE ASSETS:

Intangible assets are being amortized on a straight-line basis over various periods. The intangible asset balances and periods of amortization as of December 31, 1998, are as follows:

	1998	Period of Amortization
	-----	-----
FCC broadcast license.....	\$3,628,000	15 Years
Debt financing.....	73,000	Life of Debt
	-----	
Total.....	3,701,000	
Less: Accumulated amortization.....	358,000	
	-----	
Net intangible assets.....	\$3,343,000	
	=====	

Amortization expense for the fiscal year ended December 31, 1998, was \$314,000.

3. LONG-TERM DEBT:

The acquisition of WKJS-FM was financed with \$4,500,000 of debt which has been allocated to the Stations. The debt accrued interest at 10% during 1998 and was originally due January 6, 1999, and has been refinanced to be due January 6, 2000.

FM 100, Inc. has borrowed \$500,000 from a bank which has been allocated down to the Stations. The debt accrued interest at 10% during 1998 and was originally due January 6, 1999 and has been refinanced to be due January 6, 2000.

As of December 31, 1998, the Stations had various capital leases for equipment.

4. INCOME TAXES:

As the Stations' parent company is an S-Corporation, no provision for income taxes has been included in the accompanying statements of operations.

5. COMMITMENTS:

The Stations lease office space for their office and broadcast studios under an operating lease which expires during 1999. Rent expense for the year ended December 31, 1998, was \$16,064. The future minimum rental payment is \$9,311.



PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the estimated expenses to be incurred in connection with the issuance and distribution of the securities being registered, other than underwriting discounts and commissions, to be paid by Radio One:

SEC registration fee.....	*
Printing and engraving fees.....	*
Legal fees and expenses.....	*
Accounting fees and expenses.....	*
Blue Sky fees and expenses.....	*
Trustee fees.....	*
Directors' and Officers' Insurance.....	*
Miscellaneous.....	*
Total.....	\$

- - - - -  
\* To be filed by amendment

Item 14. Indemnification of Directors and Officers.

Radio One's Amended and Restated By-Laws incorporate substantially the provisions of the General Corporation Law of the State of Delaware (the "DGCL") in providing for indemnification of directors and officers against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact that such person is or was an officer or director of Radio One. In addition, Radio One is authorized to indemnify employees and agents of Radio One and may enter into indemnification agreements with its directors and officers providing mandatory indemnification to them to the maximum extent permissible under Delaware law.

Radio One's Amended and Restated Certificate of Incorporation provides that Radio One shall indemnify (including indemnification for expenses incurred in defending or otherwise participating in any proceeding) its directors and officers to the fullest extent authorized or permitted by the DGCL, as it may be amended, and that such right to indemnification shall continue as to a person who has ceased to be a director or officer of Radio One and shall inure to the benefit of his or her heirs, executors and administrators except that such right shall not apply to proceedings initiated by such indemnified person unless it is a successful proceeding to enforce indemnification or such proceeding was authorized or consented to by the board of directors. Radio One's certificate of incorporation also specifically provides for the elimination of the personal liability of a director to the corporation and its stockholders for monetary damages for breach of fiduciary duty as director. The provision is limited to monetary damages, applies only to a director's actions while acting within his or her capacity as a director, and does not entitle Radio One to limit director liability for any judgment resulting from (a) any breach of the director's duty of loyalty to Radio One or its stockholders; (b) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law; (c) paying an illegal dividend or approving an illegal stock repurchase; or (d) any transaction from which the director derived an improper benefit.

Section 145 of the DGCL provides generally that a person sued (other than in a derivative suit) as a director, officer, employee or agent of a corporation may be indemnified by the corporation for reasonable expenses, including counsel fees, if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe that the person's conduct was unlawful. In the case of a derivative suit, a director, officer, employee or agent of the corporation may be indemnified by the corporation for reasonable expenses, including attorneys' fees, if the person has acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made in the case of a derivative suit in respect of any claim as to, which such director, officer,

for reasonable expenses, including attorneys' fees, if the person has acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made in the case of a derivative suit in respect of any claim as to, which such director, officer, employee or agent has been adjudged to be liable to the corporation unless the Delaware Court of Chancery or the court in which such action or suit was brought shall determine that such person is fairly and reasonably entitled to indemnity for proper expenses. Indemnification is mandatory under section 145 of the DGCL in the case of a director or officer who is successful on the merits in defense of a suit against him.

The Underwriting Agreement provides that the Underwriters are obligated, under certain circumstances, to indemnify Radio One, the directors, certain officers and controlling persons of Radio One, Inc. against certain liabilities, including liabilities under the Securities Act. Reference is made to the form of Underwriting Agreement filed as Exhibit 1.1 hereto.

Radio One maintains directors and officers liability insurance for the benefit of its directors and certain of its officers.

Item 15. Recent Sales of Unregistered Securities.

On May 19, 1997, Radio One issued approximately \$85.0 million (aggregate principal amount) of 12% senior subordinated notes to certain investors. Such notes were offered pursuant to Rule 144A under the Securities Act.

On May 19, 1997, Radio One issued approximately \$20.9 million of Series A and Series B 15% senior cumulative preferred stock to certain investors. Such shares were issued pursuant to the exemption from registration provided by Section 4(2) of Securities Act.

On January 25, 1999, Radio One issued an aggregate of 51,192 shares of common stock to its Chief Financial Officer. These shares were issued pursuant to the exemption from registration provided by Rule 701 under the Securities Act.

On February 25, 1999, pursuant to a plan of recapitalization, Radio One issued to the holders of its class A common stock, in exchange for all of the outstanding shares of class A common stock, 46.15 shares of class B common stock and 92.3 shares of class C common stock. These shares were issued pursuant to the exemption from registration provided by Section 4(2) of the Securities Act.

On March 30, 1999, Radio One issued approximately 3.3 million shares of common stock to the shareholders of ROA in connection with Radio One's acquisition of ROA. These shares were issued pursuant to the exemption from registration provided by Section 4(2) of the Securities Act.

Item 16. Exhibits and Financial Statement Schedules.

(a) The following exhibits are filed as part of this registration statement.

- 1.1 Form of Underwriting Agreement (to be filed by Amendment to this Registration Statement on Form S-1).
- 3.1 Certificate of Incorporation of Radio One, Inc. (incorporated by reference to Radio One's Amendment to its Registration Statement on Form S-1 filed on May 4, 1999 (File No. 333-74351; Film No. 99610524)).
- 3.2 Amended and Restated By-laws of Radio One, Inc. (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended June 30, 1999 (File No. 000-25969; Film No. 99686684)).
- 4.1 Indenture dated as of May 15, 1997 among Radio One, Inc., Radio One Licenses, Inc. and United States Trust Company of New York (incorporated by reference to Radio One's Annual Report on Form 10-K for the period ended December 31, 1997 (File No. 333-30795; Film No. 98581327)).

- 4.2 First Supplemental Indenture dated as of June 30, 1998, to Indenture dated as of May 15, 1997, by and among Radio One, Inc., as Issuer and United States Trust Company of New York, as Trustee, by and among Radio One, Inc., Bell Broadcasting Company, Radio One of Detroit, Inc., and United States Trust Company of New York, as Trustee (incorporated by reference to Radio One's Current Report on Form 8-K filed July 13, 1998 (File No. 333-30795; Film No. 98665139)).
- 4.3 Second Supplemental Indenture dated as of December 23, 1998, to Indenture dated as of May 15, 1997, by and among Radio One, Inc., as Issuer and United States Trust Company of New York, as Trustee, by and among Radio One, Inc., Allur-Detroit, Allur Licenses, Inc., and United States Trust Company of New York, as Trustee (incorporated by reference to Radio One's Current Report on Form 8-K filed January 12, 1999 (File No. 333-30795; Film No. 99504706)).
- 4.7 Standstill Agreement dated as of June 30, 1998 among Radio One, Inc., the subsidiaries of Radio One, Inc., United States Trust Company of New York and the other parties thereto (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended June 30, 1998 (File No. 333-30795; Film No. 98688998)).
- 5.1 Form of Opinion and consent of Kirkland & Ellis (to be filed by Amendment to this Registration Statement on Form S-1).
- 10.1 Office Lease dated February 3, 1997 between National Life Insurance Company and Radio One, Inc. for premises located at 5900 Princess Garden Parkway, Lanham, Maryland, as amended on February 24, 1997 (incorporated by reference to Radio One's Annual Report on Form 10-K for the period ended December 31, 1997 (File No. 333-30795; Film No. 98581327)).
- 10.1(a) Amendment to Office Lease dated January 22, 1999 between National Life Insurance Company and Radio One, Inc. for premises located at 5900 Princess Garden Parkway, Lanham, Maryland (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended June 30, 1999 (File No. 000-25969; Film No. 99686684)).
- 10.3 Office Lease commencing November 1, 1993 between Chalrep Limited Partnership and Radio One, Inc., with respect to the property located at 100 St. Paul Street, Baltimore, Maryland (incorporated by reference to Radio One's Annual Report on Form 10-K for the period ended December 31, 1997 (File No. 333-30795; Film No. 98581327)).
- 10.6 Warrantholders' Agreement dated as of June 6, 1995, as amended by the First Amendment to Warrantholders' Agreement dated as of May 19, 1997, among Radio One, Inc., Radio One Licenses, Inc. and the other parties thereto (incorporated by reference to Radio One's Annual Report on Form 10-K for the period ended December 31, 1997 (File No. 333-30795; Film No. 98581327)).
- 10.7(a) Second Amendment to the Warrantholders' Agreement dated as of May 3, 1999, among Radio One, Inc., Radio One Licenses, Inc. and the other parties thereto (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended June 30, 1999 (File No. 000-25969; Film No. 99686684)).
- 10.17 Credit agreement dated June 30, 1998 among Radio One, Inc., as the borrower and NationsBank, N.A., as Documentation Agent and Credit Suisse First Boston as the Agent (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended June 30, 1998 (File No. 333-30795; Film No. 98688998)).
- 10.21 Time Management and Services Agreement dated March 17, 1998, among WYCB Acquisition Corporation, Broadcast Holdings, Inc., and Radio One, Inc. (incorporated by reference to Radio One's Annual Report on Form 10-K for the period ended December 31, 1997 (File No. 333-30795; Film No. 98581327)).
- 10.22 Stock Purchase Agreement dated December 23, 1997, between the shareholders of Bell Broadcasting Company and Radio One, Inc. (incorporated by reference to Radio One's Annual Report on Form 10-K for the period ended December 31, 1997 (File No. 333-30795; Film No. 98581327)).

- 10.28 Amendment to Preferred Stockholders' Agreement dated as of December 31, 1997 among Radio One, Inc., Radio One Licenses, Inc. and the other parties thereto (incorporated by reference to Radio One's Annual Report on Form 10-K for the period ended December 31, 1997 (File No. 333-30795; Film No. 98581327)).
- 10.30 Agreement dated February 20, 1998 between WUSQ License Limited Partnership and Radio One, Inc. (incorporated by reference to Radio One's Annual Report on Form 10-K for the period ended December 31, 1997 (File No. 333-30795; Film No. 98581327)).
- 10.40 Merger Agreement dated as of March 30, 1999 relating to the acquisition of Radio One of Atlanta, Inc. (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended June 30, 1998 (File No. 333-30795; Film No. 98688998)).
- 10.41 Asset Purchase Agreement dated as of November 23, 1998 (as amended on December 4, 1998) relating to the acquisition of WFUN-FM, licensed to Bethalto, Illinois (incorporated by reference to Radio One's Amendment No. 3 to its registration statement on Form S-1 filed on April 14, 1999 (File No. 333-74351; Film No. 99593769)).
- 10.42 Asset Purchase Agreement relating to the Acquisition of WENZ-FM and WERE-AM, both licensed to Cleveland, Ohio (incorporated by reference to Radio One's Amendment No. 3 to its registration statement on Form S-1 filed on April 14, 1999 (File No. 333-74351; Film No. 99593769)).
- 10.43 Asset Purchase Agreement dated as of February 10, 1999 relating to the acquisition of WDYL-FM, licensed to Chester, Virginia (incorporated by reference to Radio One's Amendment No. 3 to its registration statement on Form S-1 filed on April 14, 1999 (File No. 333-74351; Film No. 99593769)).
- 10.44 Asset Purchase Agreement dated as of February 26, 1999 relating to the acquisition of WJKS-FM, licensed to Crewe Virginia, and WARV-FM, licensed Petersburg, Virginia (incorporated by reference to Radio One's Amendment No. 3 to its registration statement on Form S-1 filed on April 14, 1999 (File No. 333-74351; Film No. 99593769)).
- 10.45 Asset Purchase Agreement dated as of May 6, 1999 relating to the acquisition of WCDX-FM, licensed to Mechanicsville, Virginia, WPLZ-FM, licensed to Petersburg, Virginia, WJRV-FM licensed to Richmond, Virginia, and WGCV-AM licensed to Petersburg, Virginia.
- 10.45(a) Time Brokerage Agreement dated May 5, 1999 among Radio One, Inc. and Sinclair Telecable, Inc. Commonwealth Broadcasting, L.L.C. and Radio One, Inc. (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended June 30, 1999 (File No. 000-25969; Film No. 99686684)).
- 10.46 Stock Purchase Agreement dated as of October 26, 1998, by and between Radio One and Syndicated Communications Venture Partners, II, L.P. (incorporated by reference to Radio One's Annual Report on Form 10-K for the period ended December 31, 1998 (File No. 333-30795; Film No. 99581532)).
- 10.50 Amended and Restated Credit Agreement dated as of February 26, 1999, among Radio One, Inc., as the borrower, and Nations Bank, N.A., as Administrative Agent, and Credit Suisse First Boston, as the Documentation Agent (incorporated by reference to Radio One's Amendment No. 3 to its registration statement on Form S-1 filed on April 14, 1999 (File No. 333-74351; Film No. 99593769)).
- 10.52 Asset Purchase Agreement dated as of May 24, 1999 relating to the acquisition of WBOT-FM, licensed to Brockton, Massachusetts (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended June 30, 1999 (File No. 000-25969; Film No. 99686684)).
- 10.53 Time Brokerage Agreement dated May 24, 1999 among Radio One, Inc. and Radio Station WBOT-FM, Brockton, Massachusetts (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended June 30, 1999 (File No. 000-25969; Film No. 99686684)).

- 10.54 Agreement and Plan of Warrant Recapitalization dated as of February 25, 1999, among Radio One, Inc., Radio One Licenses, Inc. and the other parties thereto (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended June 30, 1999 (File No. 000-25969; Film No. 99686684)).
- 10.55 Employment Agreement between Radio One, Inc. and Scott R. Royster dated effective as of January 1, 1999.
- 21.1 Subsidiaries of Radio One, Inc. (incorporated by reference to Radio One's Registration Statement on Form S-1 filed on March 12, 1999 (File No. 333-74351; Film No. 99564316)).
- 23.1 Consent of Arthur Andersen, L.L.P.
- 23.2 Consent of Mitchell & Titus, L.L.P.
- 23.3 Consent of Kirkland & Ellis (included in Exhibit 5.1).
- 27.1 Financial Data Schedule.

Item 17. Undertakings.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to provisions described in Item 14 above, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in the form of prospectus filed by the registrant pursuant to Rule 424 (b) (1) or (4) or 497 (h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the Underwriting Agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Lanham, Maryland on October 24, 1999.

Radio One, Inc.

/s/ Alfred C. Liggins, III

By: \_\_\_\_\_  
Name: Alfred C. Liggins, III  
Title: President and Chief Executive  
Officer

POWER OF ATTORNEY AND SIGNATURES

We, the undersigned officers and directors of Radio One, Inc., hereby severally constitute and appoint Alfred C. Liggins, III and Scott R. Royster and each of them singly, our true and lawful attorneys, with full power to them and each of them singly, to sign for us in our names in the capacities indicated below, all pre-effective and post-effective amendments to this Registration Statement (or any other registrar on statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act), and generally to do all things in our names and on our behalf in such capacities to enable Radio One, Inc. to comply with the provisions of the Securities Act, as amended, and all requirements of the SEC.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed on behalf of the following persons by Scott R. Royster, their true and lawful attorney, on the date indicated.

Radio One, Inc.

Signature -----	Title(s) -----	Date -----
/s/ Catherine L. Hughes <hr/> Catherine L. Hughes	Chairperson of the Board of Directors	October 24, 1999
/s/ Terry L. Jones <hr/> Terry L. Jones	Director	October 24, 1999
/s/ Brian W. McNeill <hr/> Brian W. McNeill	Director	October 24, 1999
_____ Larry D. Marcus	Director	October 24, 1999
/s/ Alfred C. Liggins, III <hr/> Alfred C. Liggins, III	President and Chief Executive Officer (Principal Executive Officer) and Director	October 24, 1999
/s/ Scott R. Royster <hr/> Scott R. Royster	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	October 24, 1999

EXHIBIT INDEX

Exhibit No. -----	Description -----	Page ----
1.1	Form of Underwriting Agreement (to be filed by Amendment to this Registration Statement on Form S-1).	
3.1	Certificate of Incorporation of Radio One, Inc. (incorporated by reference to Radio One's Amendment to its Registration Statement on Form S-1 filed on May 4, 1999 (File No. 333-74351; Film No. 99610524)).	
3.2	Amended and Restated By-laws of Radio One, Inc. (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended June 30, 1999 (File No. 000-25969; Film No. 99686684)).	
4.1	Indenture dated as of May 15, 1997 among Radio One, Inc., Radio One Licenses, Inc. and United States Trust Company of New York (incorporated by reference to Radio One's Annual Report on Form 10-K for the period ended December 31, 1997 (File No. 333-30795; Film No. 98581327)).	
4.2	First Supplemental Indenture dated as of June 30, 1998, to Indenture dated as of May 15, 1997, by and among Radio One, Inc., as Issuer and United States Trust Company of New York, as Trustee, by and among Radio One, Inc., Bell Broadcasting Company, Radio One of Detroit, Inc., and United States Trust Company of New York, as Trustee (incorporated by reference to Radio One's Current Report on Form 8-K filed July 13, 1998 (File No. 333-30795; Film No. 98665139)).	
4.3	Second Supplemental Indenture dated as of December 23, 1998, to Indenture dated as of May 15, 1997, by and among Radio One, Inc., as Issuer and United States Trust Company of New York, as Trustee, by and among Radio One, Inc., Allur-Detroit, Allur Licenses, Inc., and United States Trust Company of New York, as Trustee (incorporated by reference to Radio One's Current Report on Form 8-K filed January 12, 1999 (File No. 333-30795; Film No. 99504706)).	
4.7	Standstill Agreement dated as of June 30, 1998 among Radio One, Inc., the subsidiaries of Radio One, Inc., United States Trust Company of New York and the other parties thereto (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended June 30, 1998 (File No. 333-30795; Film No. 98688998)).	
5.1	Form of Opinion and consent of Kirkland & Ellis (to be filed by Amendment to this Registration Statement on Form S-1).	
10.1	Office Lease dated February 3, 1997 between National Life Insurance Company and Radio One, Inc. for premises located at 5900 Princess Garden Parkway, Lanham, Maryland, as amended on February 24, 1997 (incorporated by reference to Radio One's Annual Report on Form 10-K for the period ended December 31, 1997 (File No. 333-30795; Film No. 98581327)).	
10.1(a)	Amendment to Office Lease dated January 22, 1999 between National Life Insurance Company and Radio One, Inc. for premises located at 5900 Princess Garden Parkway, Lanham, Maryland (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended June 30, 1999 (File No. 000-25969; Film No. 99686684)).	
10.3	Office Lease commencing November 1, 1993 between Chalrep Limited Partnership and Radio One, Inc., with respect to the property located at 100 St. Paul Street, Baltimore, Maryland (incorporated by reference to Radio One's Annual Report on Form 10-K for the period ended December 31, 1997 (File No. 333-30795; Film No. 98581327)).	
10.6	Warrantholders' Agreement dated as of June 6, 1995, as amended by the First Amendment to Warrantholders' Agreement dated as of May 19, 1997, among Radio One, Inc., Radio One Licenses, Inc. and the other parties thereto (incorporated by reference to Radio One's Annual Report on Form 10-K for the period ended December 31, 1997 (File No. 333-30795; Film No. 98581327)).	



- 10.7(a) Second Amendment to the Warrantholders' Agreement dated as of May 3, 1999, among Radio One, Inc., Radio One Licenses, Inc. and the other parties thereto (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended June 30, 1999 (File No. 000-25969; Film No. 99686684)).
- 10.17 Credit agreement dated June 30, 1998 among Radio One, Inc., as the borrower and NationsBank, N.A., as Documentation Agent and Credit Suisse First Boston as the Agent (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended June 30, 1998 (File No. 333-30795; Film No. 98688998)).
- 10.21 Time Management and Services Agreement dated March 17, 1998, among WYCB Acquisition Corporation, Broadcast Holdings, Inc., and Radio One, Inc. (incorporated by reference to Radio One's Annual Report on Form 10-K for the period ended December 31, 1997 (File No. 333-30795; Film No. 98581327)).
- 10.22 Stock Purchase Agreement dated December 23, 1997, between the shareholders of Bell Broadcasting Company and Radio One, Inc. (incorporated by reference to Radio One's Annual Report on Form 10-K for the period ended December 31, 1997 (File No. 333-30795; Film No. 98581327)).
- 10.28 Amendment to Preferred Stockholders' Agreement dated as of December 31, 1997 among Radio One, Inc., Radio One Licenses, Inc. and the other parties thereto (incorporated by reference to Radio One's Annual Report on Form 10-K for the period ended December 31, 1997 (File No. 333-30795; Film No. 98581327)).
- 10.30 Agreement dated February 20, 1998 between WUSQ License Limited Partnership and Radio One, Inc. (incorporated by reference to Radio One's Annual Report on Form 10-K for the period ended December 31, 1997 (File No. 333-30795; Film No. 98581327)).
- 10.40 Merger Agreement dated as of March 30, 1999 relating to the acquisition of Radio One of Atlanta, Inc. (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended June 30, 1998 (File No. 333-30795; Film No. 98688998)).
- 10.41 Asset Purchase Agreement dated as of November 23, 1998 (as amended on December 4, 1998) relating to the acquisition of WFUN-FM, licensed to Bethalto, Illinois (incorporated by reference to Radio One's Amendment No. 3 to its registration statement on Form S-1 filed on April 14, 1999 (File No. 333-74351; Film No. 99593769)).
- 10.42 Asset Purchase Agreement relating to the Acquisition of WENZ-FM and WERE-AM, both licensed to Cleveland, Ohio (incorporated by reference to Radio One's Amendment No. 3 to its registration statement on Form S-1 filed on April 14, 1999 (File No. 333-74351; Film No. 99593769)).
- 10.43 Asset Purchase Agreement dated as of February 10, 1999 relating to the acquisition of WDYL-FM, licensed to Chester, Virginia (incorporated by reference to Radio One's Amendment No. 3 to its registration statement on Form S-1 filed on April 14, 1999 (File No. 333-74351; Film No. 99593769)).
- 10.44 Asset Purchase Agreement dated as of February 26, 1999 relating to the acquisition of WJKS-FM, licensed to Crewe Virginia, and WARV-FM, licensed Petersburg, Virginia (incorporated by reference to Radio One's Amendment No. 3 to its registration statement on Form S-1 filed on April 14, 1999 (File No. 333-74351; Film No. 99593769)).
- 10.45 Asset Purchase Agreement dated as of May 6, 1999 relating to the acquisition of WCDX-FM, licensed to Mechanicsville, Virginia, WPLZ-FM, licensed to Petersburg, Virginia, WJRV-FM licensed to Richmond, Virginia, and WGCV-AM licensed to Petersburg, Virginia.
- 10.45(a) Time Brokerage Agreement dated May 5, 1999 among Radio One, Inc. and Sinclair Telecable, Inc. Commonwealth Broadcasting, L.L.C. and Radio One, Inc. (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended June 30, 1999 (File No. 000-25969; Film No. 99686684)).
- 10.46 Stock Purchase Agreement dated as of October 26, 1998, by and between Radio One and Syndicated Communications Venture Partners, II, L.P. (incorporated by reference to Radio One's Annual Report on Form 10-K for the period ended December 31, 1998 (File No. 333-30795; Film No. 99581532)).

- 10.50 Amended and Restated Credit Agreement dated as of February 26, 1999, among Radio One, Inc., as the borrower, and Nations Bank, N.A., as Administrative Agent, and Credit Suisse First Boston, as the Documentation Agent (incorporated by reference to Radio One's Amendment No. 3 to its registration statement on Form S-1 filed on April 14, 1999 (File No. 333-74351; Film No. 99593769)).
- 10.52 Asset Purchase Agreement dated as of May 24, 1999 relating to the acquisition of WBOT-FM, licensed to Brockton, Massachusetts (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended June 30, 1999 (File No. 000-25969; Film No. 99686684)).
- 10.53 Time Brokerage Agreement dated May 24, 1999 among Radio One, Inc. and Radio Station WBOT-FM, Brockton, Massachusetts (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended June 30, 1999 (File No. 000-25969; Film No. 99686684)).
- 10.54 Agreement and Plan of Warrant Recapitalization dated as of February 25, 1999, among Radio One, Inc., Radio One Licenses, Inc. and the other parties thereto (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended June 30, 1999 (File No. 000-25969; Film No. 99686684)).
- 10.55 Employment Agreement between Radio One, Inc. and Scott R. Royster dated effective as of January 1, 1999.
- 21.1 Subsidiaries of Radio One, Inc. (incorporated by reference to Radio One's Registration Statement on Form S-1 filed on March 12, 1999 (File No. 333-74351; Film No. 99564316)).
- 23.1 Consent of Arthur Andersen, L.L.P.
- 23.2 Consent of Mitchell & Titus, L.L.P.
- 23.3 Consent of Kirkland & Ellis (included in Exhibit 5.1).
- 27.1 Financial Data Schedule.

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ASSET PURCHASE AGREEMENT  
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by and among

SINCLAIR TELECABLE, INC.  
d/b/a SINCLAIR COMMUNICATIONS

and

COMMONWEALTH BROADCASTING, LLC

and

RADIO ONE, INC.

for the sale and purchase of

Station WCDX-FM, Station WPLZ-FM, Station WGCV-AM and Station WJRV-FM

Dated as of May 6, 1999

TABLE OF EXHIBITS

EXHIBIT 1 -- Escrow Agreement

EXHIBIT 2 -- Time Brokerage Agreement

TABLE OF SCHEDULES

SCHEDULE 2.1(c)(1)	Contracts
SCHEDULE 6.1	Seller's Places of Business
SCHEDULE 6.3	Litigation
SCHEDULE 6.4	Permitted Encumbrances
SCHEDULE 6.5	Governmental Authorizations
SCHEDULE 6.6	Equipment
SCHEDULE 6.8	Intellectual Property
SCHEDULE 6.9	Insurance
SCHEDULE 6.10(b)	Financial Statements
SCHEDULE 6.11	Employees
SCHEDULE 6.12	Employment and Benefits Agreements
SCHEDULE 6.13	Real Property
SCHEDULE 6.14	Environmental
SCHEDULE 6.15	Compliance With Law
SCHEDULE 6.21	Related Parties

ASSET PURCHASE AGREEMENT

This Agreement, made and entered into as of this 6th day of May, 1999, by and among Sinclair Telecable, Inc. d/b/a Sinclair Communications, an Indiana corporation, Commonwealth Broadcasting, LLC, a Commonwealth of Virginia limited liability company (collectively "Seller", individually, "Sinclair" and "Commonwealth" respectively), and Radio One, Inc., a Delaware corporation ("Buyer").

WITNESSETH THAT:

WHEREAS, Sinclair is the licensee of Stations WCDX-FM, Mechanicsville, Virginia, 92.1 MHz, WPLZ-FM, Petersburg, Virginia, 99.3 MHz, and WGCV-AM, Petersburg, Virginia, 1240 KHz and Commonwealth is the licensee of Station WJRV-FM, Richmond, Virginia, 105.7 MHz (the "Stations"); and

WHEREAS, the parties desire that Buyer purchase the assets used or held for use in the operation of the Stations and acquire the authorizations issued by the Federal Communications Commission (the "Commission") for the operation of the Stations; and

WHEREAS, Seller may elect to structure this Transaction as a tax-deferred like-kind exchange pursuant to Internal Revenue Code Section 1031, consistent with the provisions contained herein; and

WHEREAS, the authorizations issued by the Commission may not be assigned to Buyer without the Commission's prior consent.

NOW THEREFORE, in consideration of the mutual promises and covenants herein contained, the parties, intending to be legally bound, agree as follows:

1.0 RULES OF CONSTRUCTION.

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1.1. Defined Terms. As used in this Agreement, the following terms

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shall have the following meanings:

"Administrative Violation" means those violations described in Section 8.6 hereof.

"Assignment Application" means the applications on FCC Form 314 that Seller and Buyer shall join in and file with the Commission requesting its consent to the assignment of the FCC Licenses (as hereinafter defined) from Seller to Buyer.

"Business Records" means all business records of Seller (including logs, public files materials and engineering records) relating to or used in the operation of the Stations and not relating solely to Seller's internal corporate affairs.

"Buyer" means Radio One, Inc., a Delaware corporation.

"Buyer Documents" means those documents, agreements and instruments to be executed and delivered by Buyer in connection with this Agreement as described in Section 7.2.

"Closing" means the consummation of the Transaction (as hereinafter defined).

"Closing Date" means the date on which the Closing takes place, as determined by Section 11.

"Code" means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

"Commission" means the Federal Communications Commission.

"Communications Act" shall mean the Communications Act of 1934, as amended.

"Contracts" means those contracts, leases and other agreements listed or described in Schedule 2.1(c)(1) which are in effect on the date hereof and which Buyer has agreed to assume, but not including Sales Agreements and Trade Agreements (as hereinafter defined).

"Environmental Law" means any law, rule, order, decree or regulation of any Governmental Authority relating to pollution or protection of human health and the environment, including any law or regulation relating to emissions, discharges, releases or threatened releases of Hazardous Substances (as hereinafter defined) into ambient air, surface water, groundwater, land or other environmental media, and including without limitation all laws, regulations, orders and rules pertaining to occupational health and safety.

"Escrow Agent" means Wilmington Trust Company.

"Escrow Agreement" means the escrow agreement described in Section 3, the form of which is attached as Exhibit 1.

"Escrow Deposit" means the monies deposited with the Escrow Agent described in Section 3.

"Equipment" means all tangible personal property and fixtures used or useful in the operation of the Stations as described in Section 2.1(b).

"Excluded Assets" means those assets excluded from the Purchased Assets and retained by the Seller, to the extent in existence on the Closing Date, as specifically described in Section 2.2.

"FCC Licenses" means all licenses, pending applications, permits and other authorizations issued by the Commission for the operation of the Stations listed on Schedule 6.5.

"Final Order" means any action that shall have been taken by the Commission (including action duly taken by the Commission's staff, pursuant to delegated authority) which shall not have been reversed, stayed, enjoined, set aside, annulled or suspended; with respect to which no timely request for stay, petition for rehearing, appeal or certiorari or sua sponte action of the Commission with comparable effect shall be pending; and as to which the time for filing any such request, petition, appeal, certiorari or for the taking of any such sua sponte action by the Commission shall have expired or otherwise terminated.

"Financial Statements" means Seller's audited and unaudited financial statements as described in Section 6.10.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, and any agency, court or other entity that exercises executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Hazardous Substances" means any hazardous, dangerous or toxic waste, substance or material, as those or similar terms are defined in or for purposes of any applicable federal, state or local Environmental Law, and including without limitation any asbestos or asbestos-related products, oils, petroleum or petroleum-derived compounds, CFCs, or PCBs.

"Intangible Property" means all of Seller's right, title and interest in and to the goodwill and other intangible assets used or useful in or arising from the business of the Stations as described in Section 2.1(f).

"Intellectual Property" means all Seller's right, title and interest in and to the trademarks, tradenames, service marks, patents, franchises, copyrights, including registrations and applications for registration of any of them, slogans, jingles, logos, computer programs and software, trade secrets and similar materials and rights relating to the Stations as listed on Schedule 6.8.

"Knowledge of Buyer" means the actual knowledge, after reasonable inquiry of Buyer's senior management, and the books and records of Buyer.

"Knowledge of Seller" means the actual knowledge, after reasonable inquiry of Seller's senior management, the books and records of the Stations, and the actual knowledge of J. David Sinclair and Benjamin Miles.

"Material Contracts" means those leases, contracts and agreements specifically designated in Schedule 2.1(c)(1) as being "Material Contracts."

"Permitted Encumbrances" means those permitted liens or encumbrances to the Purchased Assets described in Section 6.4 and set forth on Schedule 6.4.

"Purchase Price" shall mean the total consideration for the Purchased Assets as described in Section 4.1.



"Purchased Assets" means those assets which are the subject matter of this Agreement that Seller shall sell, assign, transfer, convey and deliver to Buyer at Closing as described in Section 2.1.

"Sales Agreements" means agreements entered into by Seller for the sale of time on the Stations for cash, as described in Section 2.1(c)(2).

"Seller" means Sinclair Telecable, Inc. d/b/a Sinclair Communications, and Commonwealth Broadcasting, LLC.

"Seller Documents" means those documents, agreements and instruments to be executed and delivered by Seller in connection with this Agreement as described in Section 6.1.

"Specified Event" means those broadcast transmission failures described in Section 8.5(b).

"Stations" means WCDX-FM, Mechanicsville, Virginia, 92.1 MHz, WPLZ-FM, Petersburg, Virginia, 99.3 MHz, WJRV-FM, Richmond, Virginia, 105.7 MHz, and WGCV-AM, Petersburg, Virginia, 1240 KHz.

"Studio Site" means the leased real estate located at 2809 Emerywood Parkway, Suite 300, Petersburg, Virginia that is currently used as the studio and office facilities for Stations WCDX-FM, WPLZ-FM and WJRV-FM.

"WGCV-AM Studio Site" means the leased real estate located at 10537 South Crater Road, Petersburg, Virginia.

"Trade Agreements" means agreements entered into by Seller for the sale of time on the Stations in exchange for merchandise or services, including those listed on Schedule 2.1(c)(1).

"Trade Balance" means the difference between the aggregate value of time owed pursuant to the Trade Agreements and the aggregate value of goods and services to be received pursuant to the Trade Agreements, as computed in accordance with the Station's customary bookkeeping practices. The Trade Balance is "negative" if the value of time owed as of Closing exceeds the value of goods and services to be received. The Trade Balance is "positive" if the value of time owed as of Closing is less than the value of goods and services to be received.

"Transaction" means the sale and purchase and assignments and assumptions contemplated by this Agreement and the respective obligations of Seller and Buyer set forth herein.

"WCDX-FM Backup Transmitter Site" means the real estate located at 8216 Meadowbridge Road, Mechanicsville, Virginia owned by John Sinclair, that is currently used as Station WCDX's backup transmitter site.

"WCDX-FM Transmitter Site" means the real estate located at 3425 Basie Road, Richmond, Virginia that is currently used as Station WCDX's transmitter site.

"WPLZ-FM Transmitter Site" means the real estate located at Hare and Culpepper Streets, Petersburg, Virginia that is currently used as Station WPLZ's transmitter site.

"WJRV-FM Transmitter Site" means the real estate located at 701 German School Road, Richmond, Virginia that is currently used as Station WJRV's transmitter site.

"WGCV-AM Transmitter Site" means the real estate located at Hare and Culpepper Streets, Petersburg, Virginia that is currently used as Station WGCV's transmitter site.

"WPLZ STL Site" means the real estate located at 3249 Basie Road, Richmond, Virginia that is currently used as Station WPLZ's Studio Transmitter Link ("STL") site.

1.2. Other Definitions. Other capitalized terms used in this Agreement  
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shall have the meanings ascribed to them herein.

1.3. Number and Gender. Whenever the context so requires, words used in  
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the singular shall be construed to mean or include the plural and vice versa,  
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and pronouns of any gender shall be construed to mean or include any other  
gender or genders.

1.4. Headings and Cross-References. The headings of the Sections and  
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Paragraphs hereof, the Table of Exhibits, and the Table of Schedules have been included for convenience of reference only, and shall in no way limit or affect the meaning or interpretation of the specific provisions of this Agreement. All cross-references to Sections or Paragraphs herein shall mean the Sections or Paragraphs of this Agreement unless otherwise stated or clearly required by the context. All references to Schedules herein shall mean the Schedules to this Agreement. Words such as "herein" and "hereof" shall be deemed to refer to this Agreement as a whole and not to any particular provision of this Agreement unless otherwise stated or clearly required by the context. The term "including" means "including without limitation."

1.5. Computation of Time. Whenever any time period provided for in this  
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Agreement is measured in "business days" there shall be excluded from such time period each day that is a Saturday, Sunday, recognized federal legal holiday, or other day on which the Commission's offices are closed and are not reopened prior to 5:30 p.m. Washington, D.C. time. In all other cases all days shall be counted.

## 2.0 ASSETS TO BE CONVEYED. -----

2.1. Purchased Assets. On the Closing Date, Seller shall sell, assign,  
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transfer, convey and deliver to Buyer free of all liens, encumbrances, mortgages, security interests of any kind or type whatsoever, all of Seller's assets used in the conduct of the business and operations of the

Stations (collectively referred to as the "Purchased Assets"), including, but not limited to, the following:

(a) Licenses. The FCC Licenses, and all other transferrable licenses, permits and authorizations issued by any other Governmental Authority that are used in or necessary for the lawful operation of the Stations as currently operated by Seller.

(b) Equipment. All tangible personal property and fixtures used or held for use in the operation of the Stations, including the property and assets listed or described in Schedule 6.6, together with supplies, inventory, spare parts and replacements thereof and improvements and additions thereto made between the date hereof and the Closing Date (the "Equipment").

(c) Contracts and Agreements. The Contracts, Sales Agreements and Trade Agreements, subject to the following:

(1) Buyer shall be obligated to assume only those Contracts that are listed in Schedule 2.1(c)(1) or that have been or will have been entered into in the ordinary course of the Station's business and in accordance with the terms of this Agreement, between the date hereof and the Closing Date, provided

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that, unless otherwise approved in writing by Buyer, the obligations of the  
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Stations or Buyer under such Contracts entered into in the ordinary course of business do not exceed Five Thousand Dollars (\$5,000) per annum per Contract or Twenty-five Thousand Dollars (\$25,000) per annum in the aggregate or are terminable by the Stations on not more than 30 days' notice.

(2) Except for those Sales Agreements to be assumed by Buyer that are listed on Schedule 2.1(c)(1), Buyer shall be obligated to assume only those Sales Agreements with terms of no longer than ten (10) weeks, or if containing terms of longer than 10 weeks, are terminable by the Station on not more than 15 days' notice and are (i) in existence as of the date of this Agreement or (ii) will have been entered into in the ordinary course of business and in accordance with the terms of this Agreement at commercially reasonable rates.

(3) Except with regard to that certain Trade Agreement dated February 4, 1999, between Sinclair Telecable, Inc. and Moore Cadillac (the "Cadillac Lease"), Buyer shall be obligated to assume only those Trade Agreements that are listed in Schedule 2.1(c)(1) or that have been or will have been entered into in the ordinary course of business and in accordance with the terms of this Agreement, between the date hereof and the Closing Date, and are (i) immediately preemptible for cash time sales; (ii) require the provision of air time only on a "run of schedule" basis; and (iii) primarily inure or will inure to the benefit of the Stations. Notwithstanding the foregoing and except with regard to the Cadillac Lease, Buyer's obligation to assume Trade Agreements (including those Trade Agreements listed on Schedule 2.1(c)(1) and those entered into by the Station on or before May 31, 1999 in the ordinary course of business) that have an aggregate negative Trade Balance exceeding Five Thousand Dollars (\$5,000), is conditioned upon Seller's agreement that Buyer will receive a credit against the Purchase Price at

Closing equivalent to the amount that such negative Trade Balance exceeds Five Thousand Dollars (\$5,000) as of May 31, 1999.

(4) Notwithstanding any provision of this Agreement to the contrary, this Agreement shall not constitute an agreement to assign any Contract or other agreement, undertaking or obligation if (i) an attempted assignment, without the consent required for such assignment, may constitute a breach thereof or may in any way have a material adverse effect on Seller's rights thereunder prior to Closing or Buyer's rights thereunder after Closing and (ii) such consent is not obtained by Seller prior to Closing, provided, -----  
however, that Seller will use its best efforts at its own expense to obtain  
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all such consents prior to Closing.

(d) Programming Materials. All programs, programming material, and music libraries in whatever form or nature owned by Seller and used or intended for use in the operation of the Stations.

(e) Intellectual Property. All Seller's right, title and interest in and to the Intellectual Property used in the operation of the Stations.

(f) Intangible Property. All of Seller's right, title and interest in and to the goodwill and other intangible assets used or useful in or arising from the business of the Stations, including all customer lists, and sales plans.

(g) Business Records. All business records of Seller (including logs, public file materials and engineering records) relating to or used in the operation of the Stations and not relating solely to Seller's internal corporate affairs.

(h) Station Records. All of the Stations' proprietary information, technical information and data, machinery and equipment warranties (to the extent such warranties are assignable), maps, plans, diagrams, blueprints, schematics, files, records, studies, data, lists, general accounting records, books of account, in whatever form, used or held for use for the business or operation of the Stations, including filings with the FCC which relate to the Stations.

(i) Real Property. The Real Property described in Schedule 6.13 which is used as both the WPLZ-FM Transmitter Site and WGCV-AM Transmitter Site.

(j) Real Property Leases. Sinclair currently holds a leasehold interest in the Real Property described in Schedule 6.13 which is used as the WCDX-FM Transmitter Site and the WPLZ(FM) Studio Transmitter Link site (WPJB292 call sign). Commonwealth currently holds a leasehold interest in the Real Property described in Schedule 6.13 which is used as the WJRV-FM Transmitter Site. At Closing, Seller shall transfer and assign any and all of its rights, title and interest in these leasehold interests to Buyer. In addition, John Sinclair hold title to the Real Property described in Schedule 6.13 which is used as the WCDX-FM Backup Transmitter Site. At Closing, Seller shall at Buyer's option cause John Sinclair (or his successors and assigns) to enter into a lease with Buyer for an initial term of ten (10) years, with, at Buyer's

option, two (2) renewal terms of ten (10) years each, for the amount of \$100 per year for continued use of the site.

(k) Studio Site Leases. Seller currently holds a leasehold interest in the Real Property described in Schedule 6.13 which is used as the Studio Site and the WGCV-AM Studio Site. At Closing, Seller shall transfer and assign any and all of its rights, title and interest in the Studio Site Leases to Buyer.

2.2. Excluded Assets. There shall be excluded from the Purchased Assets

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and retained by the Seller, to the extent in existence on the Closing Date, the following assets (the "Excluded Assets"):

(a) Receivables. All Accounts Receivable.

(b) Cash and Investments. All cash and cash equivalents on hand or in bank accounts and other cash items and investment securities of Seller on the Closing Date.

(c) Insurance. All contracts of insurance (including any cash surrender value thereof) and all insurance proceeds of settlement and insurance claims made by Seller on or before the Closing Date, except that any insurance proceeds Seller receives due to damaged equipment will be used to repair or replace such equipment.

(d) Employee Benefit Assets. All pension, profit sharing and savings plans and trusts, and any assets thereof, except that any employee account balances under any plan qualified under Section 401(k) of the Code shall be promptly transferred to a plan qualified under Section 401(k) and, at Buyer's request, made available by or on behalf of Buyer if such employee is hired by Buyer, to the extent allowed under each such plan and applicable law.

(e) Contracts. All contracts that will have terminated or expired prior to Closing by their terms and all contracts, agreements, instruments, undertakings and obligations not expressly assumed by Buyer hereunder.

(f) Tax items. All claims, rights and interest in and to any refunds for federal, state or local taxes to which Seller is entitled for periods prior to the Closing Date.

(g) Corporate Records. Seller's corporate minute books and other books and records relating to internal corporate minutes.

3.0 ESCROW DEPOSIT. Simultaneously with the execution and delivery of this

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Agreement by both parties, Buyer has deposited with Wilmington Trust Company ("Escrow Agent"), a cash deposit of One Million Two Hundred and Fifty Thousand Dollars (\$1,250,000) (the "Escrow Deposit"). The Escrow Deposit shall be held in an interest-bearing account and disbursed by Escrow Agent pursuant to the terms of an escrow agreement in the form attached hereto as Exhibit 1 (the "Escrow Agreement"), which Escrow Agreement has been entered into by Seller, Buyer and Escrow Agent simultaneously herewith.

4.0 PURCHASE PRICE AND METHOD OF PAYMENT.

4.1. Consideration. The total consideration for the Purchased Assets at

Closing (the "Purchase Price") shall be Thirty Four Million Dollars (\$34,000,000) payable as set forth in this Section 4.

4.2. Payment at Closing. At Closing, Buyer shall pay:

(a) Thirty Two Million Seven Hundred and Fifty Thousand Dollars (\$32,750,000) (as adjusted pursuant to Sections 8.5 and 12.1) to Seller by check or wire transfer of same day funds pursuant to wire transfer instructions which shall be delivered by Seller to Buyer at least five business days prior to Closing.

(b) One Million Two Hundred Fifty Thousand Dollars (\$1,250,000) to Seller by causing the Escrow Agent to release the Escrow Deposit to Seller, with all interest earned on the Escrow Deposit remitted to Buyer.

4.3. Allocation. The Purchase Price shall be allocated to the Purchased

Assets in accordance with an allocation schedule prepared by Seller pursuant to Section 1060 of the Code and mutually agreed upon by Seller and Buyer. Seller and Buyer shall use such allocation for tax accounting (including preparation of IRS Form 8594), and all other purposes. If Seller and Buyer have not agreed upon the allocation prior to the Closing Date, Closing shall take place as scheduled and any dispute shall be resolved by a qualified media appraiser mutually acceptable to Seller and Buyer, whose decision shall be final and whose fees and expenses shall be paid one-half by Seller and one-half by Buyer. If the allocation must be determined by a media appraiser, Seller and Buyer agree to cooperate in good faith so that such appraisal may be completed within sixty (60) days after Closing.

4.4. Seller's Liabilities. Buyer does not and shall not assume or be

deemed to assume, pursuant to this Agreement or otherwise, any agreements, liabilities, undertakings, obligations or commitments of Seller or the Stations of any nature whatsoever except: (i) liabilities accruing after Closing under the Contracts, Sales Agreements and Trade Agreements listed in Schedule 2.1(c)(1) or otherwise expressly assumed by Buyer pursuant to, and subject to, Section 2.1(c), provided, that, Buyer shall not assume liability for any breaches, violations or defaults under the Contracts, Sales Agreements and Trade Agreements that occurred prior to Closing; and (ii) prorated items that are to be paid by Buyer after Closing pursuant to Section 12.1.

5.0 HART-SCOTT-RODINO. As promptly as practicable and no later than ten (10)

days following the execution of this Agreement, Seller and Buyer shall complete any filing that may be required pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. Seller and Buyer shall diligently take all necessary and proper steps and provide any additional information reasonably requested in order to comply with the requirements of such Act. Buyer shall pay the filing fee.

6.0 SELLER'S REPRESENTATIONS, WARRANTIES AND COVENANTS. Seller hereby makes

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to and for the benefit of Buyer, the following representations, warranties and covenants:

6.1. Existence, Power and Identity. Sinclair is a corporation duly

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organized and validly existing under the laws of the State of Indiana and Commonwealth is a limited liability company duly organized and validly existing under the laws of the Commonwealth of Virginia. Both Sinclair and Commonwealth are licensed to do business in the Commonwealth of Virginia with full corporate power and authority (a) to own, lease and use the Purchased Assets as currently owned, leased and used, (b) to conduct the business and operation of the Stations as currently conducted and (c) to execute and deliver this Agreement and each other document, agreement and instrument to be executed and delivered by Seller in connection with this Agreement (collectively, the "Seller Documents"), and to perform and comply with all of the terms, obligations and covenants to be performed and complied with by Seller hereunder and thereunder. The addresses of Seller's chief executive office and all of Seller's additional places of business, and all places where any of the tangible personal property included in the Purchased Assets is now located, or has been located during the past 180 days, are correctly listed in Schedule 6.1. Except as set forth in Schedule 6.1, during the past five years, Seller has not been known by or used, nor, to the best of Seller's knowledge, has any prior owner of the Stations been known by or used, any corporate, partnership, fictitious or other name in the conduct of the Stations' business or in connection with the ownership, use or operation of the Purchased Assets.

6.2. Binding Effect. The execution, delivery and performance by Seller

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of this Agreement has been and the Seller Documents will be duly authorized by all necessary corporate or limited liability company action, and copies of those authorizing resolutions, certified by an officer, member, partner or manager as appropriate, shall be delivered to Buyer at Closing. No other action by Sinclair or Commonwealth is required for Seller's execution, delivery and performance of this Agreement. This Agreement has been duly and validly executed and delivered by Seller to Buyer and constitutes a legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, subject to bankruptcy, reorganization, fraudulent conveyance, insolvency, moratorium and similar laws relating to or affecting creditors, and other obligees' rights generally and the exercise of judicial discretion in accordance with general equitable principles.

6.3. No Violation. Except as set forth on Schedule 6.3, none of (i) the

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execution, delivery and performance by Seller of this Agreement or any of the Seller Documents, (ii) the consummation of the Transaction, or (iii) Seller's compliance with the terms or conditions hereof will, with or without the giving of notice or the lapse of time or both, conflict with, breach the terms or conditions of, constitute a default under, or violate (x) Seller's articles of incorporation, bylaws, operating agreement or limited liability company agreement, (y) any judgment, decree, order, consent, agreement, lease or other instrument (including any Contract, Sales Agreement or Trade Agreement) to which Seller is a party or by which Seller or any of its assets (including the Purchased Assets) or the Stations is or may be legally bound or affected, or (z) any law, rule,

regulation or ordinance of any Governmental Authority applicable to Seller or any of its assets (including the Purchased Assets) or the operation of the Stations.

6.4. Conveyance of Assets. At Closing, Seller shall convey to Buyer

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good and marketable title to all the Purchased Assets, free and clear of all liens, pledges, collateral assignments, security interests, capital or financing leases, easements, covenants, restrictions and encumbrances or other defects of title except: (i) the inchoate lien for current taxes or other governmental charges not yet due and payable and that will be prorated between Seller and Buyer pursuant to Section 12.1; and (ii) the Permitted Encumbrances.

6.5. Governmental Authorizations. Except for the FCC Licenses which are

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set forth in Schedule 6.5, no transferable licenses, permits, or authorizations from any Governmental Authority are required to own, use or operate the Purchased Assets, to operate the Stations or to conduct Seller's business as currently operated and conducted by Seller. The FCC Licenses are all the Commission authorizations held by Seller with respect to the Stations, and are all the Commission authorizations used in or necessary for the lawful operation of the Stations as currently operated by Seller. The FCC Licenses are in full force and effect, are subject to no conditions or restrictions other than those which appear on their face and are unimpaired by any acts or omissions of Seller, Seller's officers, employees or agents. Seller has delivered true and complete copies of all FCC Licenses to Buyer. There is not pending or, to the Knowledge of Seller, threatened, any action by or before the Commission or any other Governmental Authority to revoke, cancel, rescind or modify any of the FCC Licenses (other than proceedings to amend Commission rules of general applicability or otherwise affecting the broadcast industry generally), and there is not now issued, outstanding or pending or, to the Knowledge of Seller, threatened, by or before the Commission or any other Governmental Authority, any order to show cause, notice of violation, notice of apparent liability, or notice of forfeiture or complaint against Seller or otherwise with respect to the Stations. The Stations are operating in compliance with all FCC Licenses, the Communications Act of 1934, as amended (the "Communications Act"), and the current rules, regulations, policies and practices of the Commission. The Commission's most recent renewals of the FCC Licenses were not challenged by any petition to deny or any competing application. Seller has no knowledge of any facts relating to it that, under the Communications Act or the current rules, regulations, policies and practices of the Commission may cause the Commission to deny Commission renewal of the FCC Licenses or deny Commission consent to the Transaction.

6.6. Equipment. Seller has good and marketable title, both legal and

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equitable, to the Equipment. The Equipment, together with any improvements and additions thereto and replacements thereof less any retirements or other dispositions as permitted by this Agreement between the date hereof and the Closing Date, will, at Closing, be all the tangible personal property used or useful in the lawful operation of the Stations as currently operated by Seller. Except as specifically indicated to the contrary in Schedule 6.6, all Equipment is serviceable, in good operating condition (reasonable wear and tear excepted), and is not in imminent need of repair or replacement. All items of transmitting and studio equipment included in the Equipment (i) have been maintained in a manner consistent with generally accepted standards of good



engineering practice and (ii) will permit the Stations to operate in accordance with the terms of the FCC Licenses.

6.7. Contracts. Seller has made available to Buyer or its

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representatives complete and correct copies of all Contracts and Trade Agreements listed on Schedule 2.1(c)(1) hereto. The list of Trade Agreements on Schedule 2.1(c)(1) is accurate and complete. Except for Sales Agreements that comply with the terms of this Agreement, Schedule 2.1(c)(1) includes all the contracts, leases, and agreements to which Seller is a party and which Buyer has agreed to assume, other than those contracts that will be performed in full prior to the Closing. To the Knowledge of Seller, each Contract is in full force and effect and is unimpaired by any acts or omissions of Seller, Seller's employees or agents, or Seller's officers. Except as set forth on Schedule 2.1(c)(1), there has not occurred as to any Contract any event of default by Seller or any event that, with notice, the lapse of time or otherwise, could become an event of default by Seller. There has not occurred as to any Contract any default by any other party thereto or any event that, with notice, the lapse of time or otherwise, or at the election of any person other than Seller, could become an event of default by such party. Those Contracts whose stated duration extends beyond the Closing Date will, at Closing, be in full force and effect, unimpaired by any acts or omissions of Seller, Seller's employees or agents, or Seller's officers. If any Contract requires the consent of any third party in order for Seller to assign that Contract to Buyer, Seller shall use its best efforts to obtain at its own expense such consent prior to Closing.

6.8. Promotional Rights. The Intellectual Property set forth on Schedule

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6.8 includes all call signs and trademarks that Seller is transferring to Buyer, used to promote or identify the Stations. Except as set forth on Schedule 6.8, the Intellectual Property is in good standing and uncontested by any third party. Except as set forth on Schedule 6.8, Seller has no Knowledge of any infringement or unlawful or unauthorized use of those promotional rights, including the use of any call sign, slogan or logo by any broadcast or cable stations in the Richmond or Petersburg metropolitan areas that may be confusingly similar to those currently used by the Stations. Except as set forth on Schedule 6.8, to the Knowledge of Seller, the operations of the Stations do not infringe, and no one has asserted to Seller that such operations infringe, any copyright, trademark, tradename, service mark or other similar right of any other party.

6.9. Insurance. Schedule 6.9 lists all insurance policies held by Seller

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with respect to the Purchased Assets and the business and operation of the Stations. Such insurance policies are in full force and effect, all premiums with respect thereto are currently paid and Seller is in compliance with the terms thereof. Seller has not received any notice from any issuer of any such policies of its intention to cancel, terminate, or refuse to renew any policy issued by it. Seller will maintain the insurance policies listed on Schedule 6.9 in full force and effect through the Closing Date.

6.10. Financial Statements.

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(a) Seller has furnished Buyer with the audited Financial Statements for fiscal years 1996, and 1997 as well as unaudited Financial Statements for December 31, 1998. The Financial Statements: (i) have been prepared in accordance with generally accepted accounting

principles applied on a consistent basis throughout the periods involved and as compared with prior periods; and (ii) fairly present Seller's financial position, income, expenses, assets, liabilities, shareholder's equity and the results of operations of the Stations as of the dates and for the periods indicated. Since December 31, 1998, there has been no material adverse change in the business, assets, properties or condition (financial or otherwise) of the business. No event has occurred that would make such Financial Statements misleading in any respect.

(b) Except as reflected in the most recently available balance sheets, including the notes thereto or otherwise disclosed in this Agreement or the Schedules hereto, and except for the current liabilities and obligations incurred in the ordinary course of business of the Stations (not including for this purpose any tort-like liabilities or breach of contract) since the date of the most recently available balance sheets, there exist no liabilities or obligations of Seller, contingent or absolute, matured or unmatured, known or unknown. Except as set forth on Schedule 6.10(b) since the date of the most recently available balance sheets, (i) Seller has not made any contract, agreement or commitment or incurred any obligation or liability (contingent or otherwise), except in the ordinary course of business and consistent with past business practices, (ii) there has not been any discharge or satisfaction of any obligation or liability owed by Seller, which is not in the ordinary course of business or which is inconsistent with past business practices, (iii) there has not occurred any sale of or loss or material injury to the business, or any material adverse change in the business or in the condition (financial or otherwise) of the Stations, (iv) Seller has operated the business in the ordinary course and (v) Seller has not increased the salaries or any other compensation of any of its employees or agreed to the payment of any bonuses. The monthly balance sheets (i) have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods involved and as compared with prior periods; and (ii) fairly present Company's financial position, income, expenses, assets, liabilities, shareholder's or member's equity and the results of operations of the Stations as of the dates and for the periods indicated, subject to year end adjustments which do not materially affect the operations of Seller.

6.11. Employees. Except as otherwise listed on Schedule 6.11, (i) no

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employee of the Stations is represented by a union or other collective bargaining unit, no application for recognition as a collective bargaining unit has been filed with the National Labor Relations Board, and, to the knowledge of Seller, there has been no concerted effort to unionize any of the Stations' employees and (ii) Seller has no other written or oral employment agreement or arrangement with any Station employee, and no written or oral agreement concerning bonus, termination, hospitalization or vacation. Seller has delivered to Buyer a list of all persons currently employed at the Stations together with an accurate description of the terms and conditions of their respective employment as of the date of this Agreement. Seller will promptly advise Buyer of any terminations or resignations of management employees or on-air staff that occur prior to the earlier of commencement of the Time Brokerage Agreement between the parties or the Closing Date.

6.12. Employee Benefit Plans.

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(1) Except as described in Schedule 6.12, neither Seller nor any Affiliates (as defined below) have at any time established, sponsored, maintained, or made any contributions to, or been parties to any contract or other arrangement or been subject to any statute or rule requiring them to establish, maintain, sponsor, or make any contribution to, (i) any "employee pension benefit plan" (as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended, and regulations thereunder ("ERISA")) ("Pension Plan"); (ii) any "employee welfare benefit plan" (as defined in Section 3(1) of ERISA) ("Welfare Plan"); or (iii) any deferred compensation, bonus, stock option, stock purchase, or other employee benefit plan, agreement, commitment, or arrangement ("Other Plan"). Seller and the Affiliates have no obligations or liabilities (whether accrued, absolute, contingent, or unliquidated, whether or not known, and whether due or to become due) with respect to any "employee benefit plan" (as defined in Section 3(3) of ERISA), or Other Plan that is not listed in Schedule 6.12. For purposes of this Section 6.12, the term "Affiliate" shall include all persons under common control with Seller within the meaning of Sections 4001(a)(14) or (b)(1) of ERISA or any regulations promulgated thereunder, or Sections 414(b), (c), (m) or (o) of the Internal Revenue Code of 1986, as amended (the "Code").

(2) Each plan or arrangement listed in Schedule 6.12 (and any related trust or insurance contract pursuant to which benefits under such plans or arrangements are funded or paid) has been administered in all material respects in compliance with its terms and in both form and operation is in compliance with applicable provisions of ERISA, the Code, the Consolidated Omnibus Budget Reconciliation Act of 1986 and regulations thereunder, and other applicable law. Each Pension Plan listed in Schedule 6.12 has been determined by the Internal Revenue Service to be qualified under Section 401(a) and, if applicable, Section 401(k) of the Code, and nothing has occurred or been omitted since the date of the last such determination that resulted or could result in the revocation of such determination. Seller and the Affiliates have made all required contributions or payments to or under each plan or arrangement listed in Schedule 6.12 on a timely basis and have made adequate provision for reserves to meet contributions and payments under such plans or arrangements that have not been made because they are not yet due.

(3) To the Knowledge of Seller, the consummation of this Agreement (and the employment by Buyer of former employees of Seller or any employees of an Affiliate) will not result in any carryover liability to Buyer for taxes, penalties, interest or any other claims resulting from any employee benefit plan (as defined in Section 3(3) of ERISA) or Other Plan. In addition, Seller and each Affiliate make the following representations (i) as to all of their Pension Plans: (A) neither Seller nor any Affiliate has become liable to the PBGC under ERISA under which a lien could attach to the assets of Seller or an Affiliate; (B) Seller and each Affiliate has not ceased operations at a facility so as to become subject to the provisions of Section 4062(e) of ERISA; and (C) Seller and each Affiliate has not made a complete or partial withdrawal from a multiemployer plan (as defined in Section 3(37) of ERISA) so as to incur withdrawal liability as defined in Section 4201 of ERISA, and (ii) all group health plans maintained by the Seller and each Affiliate have been operated in material compliance with Section 4980B(f) of the Code.

(4) The parties agree that Buyer does not and will not assume the sponsorship of, or the responsibility for contributions to, or any liability in connection with, any Pension Plan, any Welfare Plan, or Other Plan maintained by Seller or an Affiliate for its employees, former employees, retirees, their beneficiaries or any other person.

6.13. Real Property. Sinclair holds title to the real property described

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in Schedule 6.13 which is used as the WPLZ-FM Transmitter Site and the WGCV-AM Transmitter Site. In addition, John Sinclair holds title to the real property described in Schedule 6.13 which is used as the WCDX-FM Backup Transmitter Site. Sinclair also holds leasehold interests in the real property described in Schedule 6.13 which is used as the WCDX-FM Transmitter Site, the WPLZ-FM STL Site and the real property described in Schedule 6.13 which is used as the WCDX-FM, WPLZ-FM and WJRV-FM Studio Site. Commonwealth holds a leasehold interest in the property described in Schedule 6.13 which is used as the WJRV Transmitter Site. Sinclair holds a leasehold interest in the real property described in Schedule 6.13 which is used as the WGCV-AM Studio Site. All such interests in real property are hereinafter referred to as "Real Property". Except as listed on Schedule 6.13, all of the improvements, and all heating and air conditioning equipment, plumbing, electrical and other mechanical facilities, and the roof, walls and other structural components which are part of, or located in, such improvements, are in good operating condition and repair, comply in all material respects with applicable zoning laws and the building, health, fire and environmental protection codes of all applicable governmental jurisdictions, and do not require any repairs other than normal routine maintenance to maintain them in good condition and repair. None of the improvements have any structural defects. No portion of the Real Property described in Schedule 6.13 is the subject of any condemnation or eminent domain proceedings currently instituted or pending, and to the Knowledge of Seller, no such proceedings are threatened. There are no condemnation, zoning or other land use regulations proceedings instituted or, to the Knowledge of Seller, planned to be instituted, which would materially affect the use and operations of the Real Property for any lawful purpose, and Seller has not received notice of any special assessment proceedings materially affecting the Real Property. The Real Property has direct and unobstructed access to all public utilities necessary for the uses to which the Real Property is currently devoted by Seller in the operation of the Stations.

6.14. Environmental Protection. Except as set forth on Schedule 6.14,

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(i) no Hazardous Substances have been treated, stored, used, released or disposed of on the Studio Site, or the WGCV-AM Studio Site, (collectively the "Studio Sites"), the WPLZ-FM Transmitter Site, the WGCV-AM Transmitter Site, the WCDX-FM Transmitter Site, the WJRV-FM Transmitter Site, the WCDX-FM Backup Transmitter Site or the WPLZ-FM STL Site (collectively the "Transmitter Sites") by Seller or to the Knowledge of Seller, by any other party; (ii) to the Knowledge of Seller, Seller is not liable for cleanup or response costs with respect to any present or past emission, discharge, or release of any Hazardous Substances; (iii) to the Knowledge of Seller, no "underground storage tank" (as that term is defined in regulations promulgated by the federal Environmental Protection Agency) is used in the operation of the Stations or is located on the Studio Sites or the Transmitter Sites; (iv) there are no pending actions, suits, claims, legal proceedings or any other proceedings based on environmental conditions or noncompliance at

the Studio Sites or Transmitter Sites, or any part thereof, arising from Seller's activities involving Hazardous Substances; (v) there are no conditions, facilities, procedures or any other facts or circumstances caused by the Seller, or to the Knowledge of the Seller, caused by any other party at the Studio Sites or Transmitter Sites which constitute noncompliance with Environmental Law or regulations; and (vi) there are no structures, improvements, equipment, activities, fixtures or facilities at the Studio Sites or Transmitter Sites that have been placed by the Seller, or to the Knowledge of the Seller, by any other party which are constructed with, use or otherwise contain Hazardous Substances, including, but without limitation, asbestos or polychlorinated biphenyls.

6.15. Compliance with Law. There is no outstanding complaint, citation,

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or notice issued by any Governmental Authority asserting that Seller is in violation of any law, regulation, rule, ordinance, order, decree or other material requirement of any Governmental Authority (including any applicable statutes, ordinances or codes relating to zoning and land use, health and sanitation, environmental protection, occupational safety and the use of electric power) affecting the Purchased Assets or the business or operations of the Stations, and Seller is in material compliance with all such laws, regulations, rules, ordinances, decrees, orders and requirements. Without limiting the foregoing:

(a) The Stations' transmitting and studio equipment is in material respects operating in accordance with the terms and conditions of the FCC Licenses, all underlying construction permits, and the rules, regulations, practices and policies of the Commission, including all requirements concerning equipment authorization and human exposure to radio frequency radiation.

(b) Seller has, in the conduct of the Stations' business, materially complied with all applicable laws, rules and regulations relating to the employment of labor, including those concerning wages, hours, equal employment opportunity, collective bargaining, pension and welfare benefit plans, and the payment of Social Security and similar taxes, and Seller is not liable for any arrears of wages or any tax penalties due to any failure to comply with any of the foregoing.

(c) Except as set forth in Schedule 6.15, all ownership reports, employment reports, tax returns and other material documents required to be filed by Seller with the Commission or other Governmental Authority have been filed; such reports and filings are accurate and complete in all material respects; such items as are required to be placed in the Stations' local public records files have been placed in such files; all proofs of performance and measurements that are required to be made by Seller with respect to the Stations' transmission facilities have been completed and filed at the Stations; and all information contained in the foregoing documents is true, complete and accurate.

(d) Seller will, prior to Closing, use its best efforts to make the Stations' local public file complete in all material respects.

(e) The location of the Stations' main studio(s) complies with the FCC's rules.

(f) Seller has paid to the Commission the regulatory fees due for the Stations for the years 1994-98.

6.16. Litigation. Except for proceedings affecting radio broadcasters

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generally and except as set forth on Schedule 6.3, there is no litigation, complaint, investigation, suit, claim, action or proceeding pending, or to the Knowledge of Seller, threatened before or by the Commission, any other Governmental Authority, or any arbitrator or other person or entity relating to the business or operations of the Stations or to the Purchased Assets. Except as set forth on Schedule 6.3, there is no other litigation, action, suit, complaint, claim, investigation or proceeding pending, or to the Knowledge of Seller, threatened that may give rise to any material claim against any of the Purchased Assets or adversely affect Seller's ability to consummate the Transaction as provided herein. To the Knowledge of Seller, there are no facts that could reasonably result in any such proceedings.

6.17. Insolvency Proceedings. No insolvency proceedings of any character,

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including bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting Seller, the Stations' Assets or the Purchased Assets are pending or, to the Knowledge of Seller, threatened. Seller has not made an assignment for the benefit of creditors.

6.18. Sales Agreements. The Sales Agreements in existence on the date

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hereof have been entered into in the ordinary course of the Stations' business, at rates consistent with Seller's usual past practices and each Sales Agreement is for a term no longer than 10 weeks or, if longer, is terminable by the Stations upon not more than 15 days notice.

6.19. Liabilities. There are no known liabilities or obligations of Seller

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relating to the Stations, whether related to tax or non-tax matters, due or not yet due, except as and to the extent set forth on the most recent Financial Statements described in Section 6.10.

6.20. Sufficiency of Assets. The Purchased Assets in conjunction with the

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leases referred to in Section 2.1(j) are and, on the Closing Date will be, sufficient to conduct the operation and business of the Stations in the manner in which it is currently being conducted.

6.21. Related Parties. Except as disclosed in Schedule 6.21 neither Seller

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nor any member, manager, shareholder, officer or director of Seller has any interest whatsoever in any corporation, firm, partnership or other business enterprise which has had any business transactions with Seller relating to the Purchased Assets or the Stations, and no member, manager, shareholder, officer or director of Seller has entered into any transactions with Seller relating to the Purchased Assets or the Stations.

6.22. Taxes. The Seller has timely filed with all appropriate Governmental

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Authority all federal, state, commonwealth, local, and other tax or information returns and tax reports (including, but not limited to, all income tax, unemployment compensation, social security, payroll, sales and use, profit, excise, privilege, occupation, property, ad valorem, franchise,

license, school and any other tax under the laws of the United States or of any state or any commonwealth or any municipal entity or of any political subdivision with valid taxing authority) due for all periods ended on or before the date hereof. Seller has paid in full all federal, state, commonwealth, foreign, local and other governmental taxes, estimated taxes, interest, penalties, assessments and deficiencies (collectively, "Taxes") which have become due pursuant to such returns or without returns or pursuant to any assessments received by Seller. The Seller has timely withheld and paid over all taxes with respect to employees, independent contractors and shareholders. Such returns and forms are true, correct and complete in all material respects, and Seller has no liability for any Taxes in excess of the Taxes shown on such returns. Seller is not a party to any pending action or proceeding and, to the Knowledge of Seller, there is no action or proceeding threatened by any Governmental Authority against Seller for assessment or collection of any Taxes, and no unresolved claim for assessment or collection of any Taxes has been asserted against Seller.

6.23. No Misleading Statements. This Agreement, and any disclosures made in  
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this Agreement and any Schedule attached hereto will not contain any untrue statement of a material fact or omits or will omit to state a material fact required to be stated in order to make the statement, in light of the circumstances in which it is made, not misleading. Seller represents and warrants that it has disclosed, and agrees it will continue to disclose to Buyer, any fact that Seller is obligated to disclose to assure the continuing accuracy of the representations and warranties contained in this Section 6.

7.0 BUYER'S REPRESENTATIONS, WARRANTIES AND COVENANTS. Buyer hereby makes to  
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and for the benefit of Seller, the following representations, warranties and covenants:

7.1. Existence and Power. Buyer is a corporation duly organized,  
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validly existing and in good standing under the laws of the State of Delaware, with full corporate power and authority to assume and perform this Agreement, and as of the Closing Date will be authorized to do business in the Commonwealth of Virginia.

7.2. Binding Effect. The execution, delivery and performance by Buyer of  
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this Agreement, and each other document, agreement and instrument to be executed and delivered by Buyer in connection with this Agreement (collectively, the "Buyer Documents") has been or will be duly authorized by all necessary corporate action, and copies of those authorizing resolutions, certified by Buyer's Secretary shall be delivered to Seller at Closing. This Agreement has been, and each of the Buyer Documents will be, duly and validly executed and delivered by Buyer to Seller and constitutes a legal, valid and binding obligation of Buyer, enforceable in accordance with its terms, subject to bankruptcy, reorganization, fraudulent conveyance, insolvency, moratorium and similar laws relating to or affecting creditors' and other obligees' rights generally and the exercise of judicial discretion in accordance with general equitable principles.

7.3. No Violation. The execution, delivery and performance by Buyer of  
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this Agreement or any of the Buyer's documents will not, with or without the giving of notice or the lapse of time or both, conflict with, breach the terms or conditions of, constitute a default under,

or violate (x) Buyer's articles of incorporation or by-laws, (y) any judgment, decree, order, consent agreement, lease or other instrument to which Buyer is a party or by which Buyer is legally bound, or (z) any law, rule, regulation or ordinance of any Governmental Authority applicable to Buyer.

7.4. Litigation. There is no litigation, action, suit, complaint, proceeding or investigation, pending or, to the Knowledge of Buyer, threatened that may adversely affect Buyer's ability to consummate the Transaction as provided herein. To the Knowledge of Buyer, there are no facts that could reasonably result in any such proceedings.

7.5. Licensee Qualifications. To the Knowledge of Buyer, there is no existing fact that would, under the current published and written policies, rules and regulations of the Commission or any other federal agency, disqualify Buyer from being the assignee of the FCC Licenses or the owner and operator of the Stations. Should Buyer become aware of any such fact, it will so inform Seller, and Buyer will use commercially reasonable efforts to remove any such disqualification. If such commercially reasonable efforts by Buyer are unsuccessful, Seller shall have the right in accordance with the terms hereof to terminate this Agreement.

7.6. Financial Qualifications. Buyer will have available on the Closing Date, sufficient funds to enable it to consummate the Transaction contemplated hereby.

8.0 PRE-CLOSING OBLIGATIONS. The parties covenant and agree as follows with respect to the period prior to Closing:

8.1. Application for Commission Consent. Seller and Buyer shall join in and file the Assignment Application no later than June 1, 1999. Once the Assignment Application is filed, Seller and Buyer shall diligently take all reasonable steps necessary or desirable and proper expeditiously to prosecute the Assignment Application and to obtain the Commission's determination that grant of the Assignment Application will serve the public interest, convenience and necessity. Each party shall promptly provide the other with a copy of any pleading, order or other document served on the other relating to the Assignment Application. In the event that Closing occurs prior to a Final Order, then each party's obligations hereunder shall survive the Closing.

8.2. Access. Between the date hereof and the Closing Date, Seller shall, in consultation with Buyer and upon reasonable notice to Seller, give Buyer and representatives of Buyer reasonable access during business hours to the Purchased Assets, the Stations, the employees of Seller and the Stations and the books and records of Seller relating to the business and operations of the Stations. It is expressly understood that, pursuant to this Section, Buyer, at its expense, shall be entitled to conduct such engineering inspections of the Stations, such environmental assessments and surveys of the Studio Site, the WGCV-AM Studio Site and the Transmitter Sites, and such reviews of the Station's financial records as Buyer may desire, so long as the same do not unreasonably interfere with Seller's operation of the Stations. No inspection or investigation made by or on behalf of Buyer, or Buyer's failure to make any inspection or investigation, shall affect Seller's representations, warranties and covenants



hereunder or be deemed to constitute a waiver of any of those representations, warranties and covenants.

8.3. Material Adverse Changes; Financial Statements. Through the Closing  
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Date:

(a) Seller shall promptly notify Buyer of any event of which Seller obtains knowledge which has caused or is likely to cause a material adverse change to the financial condition or operation of the Stations.

(b) Seller shall furnish to Buyer (i) monthly Financial Statements for Seller and (ii) such other reports as Buyer may reasonably request relating to Seller. Each of the Financial Statements delivered pursuant to this Section 8.3(b) shall be prepared in accordance with GAAP consistently applied during the periods covered (except as disclosed therein).

8.4. Operations Prior to Closing. Between the date of this Agreement and  
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the Closing Date:

(a) Seller shall operate the Stations in a manner consistent with Seller's and the Stations' past practice and in material compliance with all applicable laws, regulations, rules, decrees, ordinances, orders and requirements of the Commission and all other Governmental Authority. Seller shall promptly notify Buyer of any actions or proceedings that from the date hereof are commenced against Seller or the Stations or, to the Knowledge of Seller, against any officer, director, employee, consultant, agent or other representative of Seller with respect to the business of the Stations or the Purchased Assets.

(b) Seller shall: (i) use the Purchased Assets only for the operation of the Stations; (ii) maintain the Purchased Assets in substantially their present condition (reasonable wear and tear in normal use and damage due to unavoidable casualty excepted); (iii) replace and/or repair the Purchased Assets as necessary in the ordinary course of business; (iv) maintain all inventories of supplies, tubes and spare parts at levels at least equivalent to those existing on the date of this Agreement; and (v) promptly give Buyer written notice of any unusual or materially adverse developments with respect to the Purchased Assets or the business or operations of the Stations.

(c) Seller shall maintain the Stations' Business Records in the usual, regular and ordinary manner, on a basis consistent with prior periods.

(d) Seller shall not: (i) sell, lease, encumber or otherwise dispose of any Purchased Assets or any interest therein except in the ordinary course of business and only if any property disposed of is replaced by property of like or better value, quality and utility prior to Closing; (ii) cancel, terminate, modify, amend or renew any of the Contracts without Buyer's express prior written consent; (iii) increase the compensation payable or to become payable to any employee of the Stations; or (iv) except to the extent expressly permitted in Section 2.1(c), enter into any Contract or other agreement, undertaking or obligation or assume any liability that may impose any obligation on Buyer after Closing, whether Seller is acting within or outside of

the ordinary course of the Stations' business, without Buyer's prior written consent. Such consent shall not be unreasonably withheld provided that such action by Seller is taken in accordance with the ordinary course of business.

(e) Seller and the Stations will enter into Sales Agreements only in the ordinary course of the Stations' business at commercially reasonable rates and each such Sales Agreement shall have a term not longer than 10 weeks or, if longer, shall be terminable by the Stations upon not more than 15 days notice.

(f) Seller and the Stations will enter into Trade Agreements only in the ordinary course of the Stations' business and only if such Trade Agreements are (i) immediately preemptible for cash time sales; (ii) require the provision of air time only on a "run of schedule" basis; and (iii) primarily inure or will inure to the benefit of the Stations.

(g) Seller shall use its best efforts to preserve the operations, organization and reputation of the Stations intact, by continuing to make expenditures and engage in activities designed to promote the Stations and encourage the purchase of advertising time on the Stations in a manner consistent with Seller's past practices. Seller shall use its best efforts to preserve the goodwill and business of the Stations' advertisers, suppliers and others having business relations with the Stations, and to continue to conduct financial operations of the Stations, including credit and collection policies, with no less effort, as in the prior conduct of the business of the Stations.

(h) Seller shall not make or agree to any material amendment to any FCC License relating to the Stations.

(i) Seller shall not, except as required by law, adopt any profit-sharing, bonus, deferred compensation, insurance, pension, retirement, severance or other employee benefit plan, payment or arrangement or enter into any employment, consulting or management contract.

(j) With respect to the Purchased Assets, Seller shall not merge or consolidate with any other corporation, acquire control of any other corporation or business entity, or take any steps incident to, or in furtherance of, any of such actions, whether by entering into an agreement providing therefore or otherwise.

(k) Seller shall not solicit, either directly or indirectly, initiate, encourage or accept any offer for the purchase or acquisition of the Purchased Assets by any party other than Buyer.

(l) Seller shall not terminate without comparable replacement or fail to renew any insurance coverage applicable to the Purchased Assets or Real Property of Seller.

(m) Seller shall not take any action or fail to take any action that would cause the Seller to materially breach the representations, warranties and covenants contained in this Agreement.

8.5. Damage.

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(a) Risk of Loss. The risk of loss or damage, confiscation or condemnation of the Purchased Assets shall be borne by Seller at all times prior to Closing. In the event of material loss or damage, Seller shall promptly notify Buyer thereof and use its best efforts to repair, replace or restore the lost or damaged property to its former condition as soon as possible. If the cost of repairing, replacing or restoring any lost or damaged property is One Hundred Thousand Dollars (\$100,000) or less, and Seller has not repaired, replaced or restored such property prior to the Closing Date, Closing shall occur as scheduled and Buyer may deduct from the Purchase Price paid at Closing the amount necessary to restore the lost or damaged property to its former condition. If the cost to repair, replace, or restore the lost or damaged property exceeds One Hundred Thousand Dollars (\$100,000), and Seller has not repaired, replaced or restored such property prior to the Closing Date to the reasonable satisfaction of Buyer, Buyer may, at its option:

(1) elect to consummate the Closing in which event Buyer may deduct from the Purchase Price paid at Closing the amount necessary to restore the lost or damaged property to its former condition in which event Seller shall be entitled to all proceeds under any applicable insurance policies with respect to such claim; or

(2) elect to postpone the Closing, with prior consent of the Commission if necessary, for such reasonable period of time (not to exceed ninety (90) days) as is necessary for Seller to repair, replace or restore the lost or damaged property to its former condition.

If, after the expiration of such extension period the lost or damaged property has not been fully repaired, replaced or restored to Buyer's satisfaction, Buyer may terminate this Agreement, in which event the Escrow Deposit and all interest earned thereon shall be returned to Buyer and the parties shall be released and discharged from any further obligation hereunder.

(b) Failure of Broadcast Transmissions. Seller shall give prompt written notice to Buyer if any of the following (a "Specified Event") shall occur and continue for a period of more than twelve (12) consecutive hours: (i) the transmission of the regular broadcast programming of any of the Stations in the normal and usual manner is interrupted or discontinued; or (ii) any of the Stations is operated at less than its licensed antenna height above average terrain or at less than eighty percent (80%) of its licensed effective radiated power. If, prior to Closing, any of the Stations is not operated at its licensed operating parameters for more than forty-eight (48) hours (or, in the event of force majeure or utility failure affecting generally the market served by the

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Stations, one hundred and twenty (120) hours, whether or not consecutive, during any period of thirty (30) consecutive days, or if there are three (3) or more Specified Events each lasting more than twelve (12) consecutive hours, then Buyer may, at its option: (i) terminate this Agreement, or (ii) proceed in the manner set forth in Paragraph 8.5(a)(1) or 8.5(a)(2). In the event of termination of this Agreement by Buyer pursuant to this Section, the

Escrow Deposit together with all interest accrued thereon shall be returned to Buyer and the parties shall be released and discharged from any further obligation hereunder.

(c) Resolution of Disagreements . If the parties are unable to agree upon the extent of any loss or damage, the cost to repair, replace or restore any lost or damaged property, the adequacy of any repair, replacement, or restoration of any lost or damaged property, or any other matter arising under this Section, the disagreement shall be referred promptly to a qualified consulting communications engineer mutually acceptable to Seller and Buyer who is a member of the Association of Federal Communications Consulting Engineers, whose decision shall be final, and whose fees and expenses shall be paid one-half each by Seller and Buyer.

8.6. Administrative Violations. If Seller receives any finding, order, complaint, citation or notice prior to Closing which states that any aspect of any of the Stations' operations violates or may violate any rule, regulation or order of the Commission or of any other Governmental Authority (an "Administrative Violation"), including, any rule, regulation or order concerning Environmental Law, the employment of labor or equal employment opportunity, Seller shall promptly notify Buyer of the Administrative Violation, use its best efforts to remove or correct the Administrative Violation, and be responsible prior to Closing for the payment of all costs associated therewith, including any fines or back pay that may be assessed.

8.7. [This Section Intentionally Omitted]

8.8. Control of Stations. The Transaction shall not be consummated until after the Commission has given its written consent thereto and between the date of this Agreement and the Closing Date, Seller shall control, supervise and direct the operation of the Stations.

8.9. Cooperation with Respect to Financial and Tax Matters. Between the date hereof and the Closing Date, Seller, its shareholders, members, managers, officers, directors and employees shall cooperate and Seller shall cause its independent accounting firm to cooperate with Buyer for the purpose of preparing Financial Statements reviewed by Buyer's independent accountants for purposes of including such statements in any reports filed by Buyer with any Governmental Authority. Buyer shall be permitted to disclose the audited Financial Statements for, 1996, 1997 and 1998 as well as unaudited Financial Statements for any period subsequent to 1998 available prior to Closing and this Agreement in any filings submitted by the Buyer to any Governmental Authority.

8.10. Closing Obligations. Seller and Buyer shall make commercially reasonable efforts to satisfy the conditions precedent to Closing.

8.11. Environmental Assessment. From the date hereof through the date that is within thirty (30) days prior to Closing, Buyer may commence and complete, at its expense, a Phase I and, if necessary, a Phase II Environmental Assessment of the owned and leased Real Property, including the WGCV-AM and WPLZ-FM Transmitter Site, the WCDX-FM Transmitter Site, the WCDX Backup Transmitter Site, the WJRV-FM Transmitter Site, the WPLZ-FM STL Site, the WGCV-AM Studio Site and the Studio Site. Seller agrees to cooperate with Buyer and such firm

in performing such Environmental Assessment. Buyer shall provide a copy of such Environmental Assessment to Seller but such delivery shall not relieve Seller of any obligation with respect to any representation, warranty or covenant in this Agreement or waive any condition to Buyer's obligation under this Agreement.

8.12. Time Brokerage Agreement. Seller and Buyer shall enter into a Time  
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Brokerage Agreement ("TBA") that will commence on June 1, 1999 in the form attached hereto as Exhibit 2.

8.13. Tax-Deferred Exchange. Seller has advised Buyer that it may elect  
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to structure this Transaction as a tax-deferred like-kind exchange pursuant to Internal Revenue Code Section 1031. Buyer will cooperate with Seller to effectuate such an exchange provided, that, such tax-deferred, like-kind  
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exchange shall (i) not commence a second statutory 30-day public notice period for the Assignment Application under the Commission's published rules, regulations or policies, (ii) not result in any additional cost or expense to Buyer, (iii) not result in any tax consequences to Buyer, (iv) not affect Seller's liability to Buyer for any of the representations, warranties, covenants and obligations of Seller pursuant to this Agreement and (v) not require Buyer to serve as the qualified intermediary.

8.14. Objections to Pending Applications. To the Knowledge of Buyer,  
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there have been no petitions to deny or informal objections filed with the Commission against any application which is pending as of the date of this Agreement for assignment of license or transfer of control of any broadcast station to Buyer. Between the date hereof and the Closing Date, Buyer shall promptly inform Seller if any party files a petition to deny or informal objection with the Commission against any pending application for assignment of license or transfer of control of any broadcast station to Buyer.

9.0 STATUS OF EMPLOYEES.  
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9.1. Employment Relationship. All Station employees shall be and remain  
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Seller's employees, subject to Seller's discretion, with Seller having full authority and control over their actions, and Buyer shall not assume the status of an employer or a joint employer of, or incur or be subject to any liability or obligation of an employer with respect to, any such employees unless and until actually hired by Buyer. Seller shall be solely responsible for any and all liabilities and obligations Seller may have to its employees, including, compensation, severance pay and accrued vacation time and sick leave. Seller shall be solely responsible for any and all liabilities, penalties, fines or other sanctions that may be assessed or otherwise due under such laws on account of the Transaction and the dismissal or termination of any of Seller's employees.

9.2. Buyer's Right to Employ. Seller consents to Buyer discussing with the  
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Stations' employees, at any time after ten (10) business days from the execution of this Agreement the possibility of their employment by Buyer. Seller agrees and acknowledges, however, that Buyer is under no obligation to offer employment to any of those employees.

10.0 CONDITIONS PRECEDENT.

10.1. Mutual Conditions. The respective obligations of both Buyer and

Seller to consummate the Transaction are subject to the satisfaction of each of the following conditions:

(a) Approval of Assignment Application. The Commission shall have granted the Assignment Application, and such grant shall be in full force and effect on the Closing Date.

(b) Absence of Litigation. As of the Closing Date, no litigation, action, suit or proceeding enjoining, restraining or prohibiting the consummation of the Transaction shall be pending before any court, the Commission or any other Governmental Authority or arbitrator; provided, however, that this Section may not be invoked by a party if any such litigation, action, suit or proceeding was solicited or encouraged by, or instituted as a result of any act or omission of, such party.

(c) Hart-Scott-Rodino. All applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, shall have expired.

10.2. Additional Conditions to Buyer's Obligation. In addition to the

satisfaction of the mutual conditions contained in Section 10.1, the obligation of Buyer to consummate the Transaction is subject, at Buyer's option, to the satisfaction or waiver by Buyer of each of the following conditions:

(a) Representations and Warranties. The representations and warranties of Seller to Buyer shall be true, complete, and correct in all material respects as of the Closing Date with the same force and effect as if then made.

(b) Compliance with Conditions. All of the terms, conditions and covenants to be complied with or performed by Seller on or before the Closing Date under this Agreement and the Seller Documents shall have been duly complied with and performed in all material respects.

(c) Discharge of Liens. Seller shall have obtained and delivered to Buyer, at least 10 days prior to Closing, a report prepared by C.T. Corporation System (or similar firm reasonably acceptable to Buyer) showing the results of searches of lien, tax, judgment and litigation records, demonstrating that the Purchased Assets are being conveyed to Buyer free and clear of all liens, security interests and encumbrances except for Permitted Encumbrances or otherwise consented to by Buyer in writing. The record searches described in the report shall have taken place no more than 15 days prior to the Closing Date. Buyer and Seller shall each pay one half of the expenses associated with these reports.

(d) Third-Party Consents. Seller shall have obtained (i) all required third-party consents to Buyer's assumption of the Material Contracts, such that Buyer will, after Closing, enjoy all the rights and privileges of Seller under the Material Contracts subject only to the same obligations as are binding on Seller pursuant to the Material Contracts' current terms; and (ii) all other requisite third-party consents and approvals which may be necessary to consummate the Transaction.

(e) Estoppel Certificates. At Closing, Seller shall deliver to Buyer a certificate executed by the other party to each Material Contract, including the landlord under the leases for the Studio Site, the WGCV-AM Studio Site, the WCDX-FM Transmitter Site, the WPLZ-FM STL Site and the WJRV-FM Transmitter Site dated no more than 15 days prior to the Closing Date, stating (i) that such Contract is in full force and effect and has not been amended or modified; (ii) the date to which all rent and/or other payments due thereunder have been paid; and (iii) that Seller is not in breach or default under such Material Contract, and that no event has occurred that, with notice or the passage of time or both, would constitute a breach or default thereunder by Seller.

(f) No Material Adverse Change. None of the Stations nor the Purchased Assets shall have suffered a material adverse change since the date of this Agreement, and there shall have been no changes since the date of this Agreement in the business, operations, condition (financial or otherwise), properties, assets or liabilities of Seller, of the Stations or of the Purchased Assets, except changes contemplated by this Agreement and changes which are not (either individually or in the aggregate) materially adverse to the Stations.

(g) Opinion of Seller's Counsel. At Closing, Seller shall deliver to Buyer the written opinion or opinions of Seller's counsel, dated the Closing Date, in scope and form satisfactory to Buyer, to the following effect:

(1) Sinclair is a corporation duly organized, validly existing and in good standing under the laws of the State of Indiana, and licensed to do business in the Commonwealth of Virginia with all requisite corporate power and authority to enter into and perform this Agreement.

(2) Commonwealth is a limited liability company duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia, with all requisite corporate power and authority to enter into and perform this Agreement.

(3) This Agreement has been duly executed and delivered by Seller and such action has been duly authorized by all necessary corporate action. This Agreement constitutes the legal, valid, and binding obligation of Seller, enforceable against Seller in accordance with its terms subject to bankruptcy, reorganization, fraudulent conveyance, insolvency, moratorium and similar laws relating to or affecting creditors' and other obligees' rights generally and the exercise of judicial discretion in accordance with general equitable principles.

(4) None of (i) the execution and delivery of this Agreement, (ii) the consummation of the Transaction, or (iii) compliance with the terms and conditions of this Agreement will, with or without the giving of notice or lapse of time or both, conflict with, breach the terms and conditions of, constitute a default under, or violate Seller's operating agreement, articles of incorporation or bylaws, any law, rule, regulation or other requirement of any Governmental Authority, or any judgment, decree, order, agreement, lease or other instrument to which Seller is a party or by which Seller, the Stations or any of the Seller's assets, including the Purchased Assets, may be bound or affected.

(5) Except as disclosed in Schedule 6.3, to such counsel's knowledge, no suit, action, claim or proceeding is pending or threatened that questions or may affect the validity of any action to be taken by Seller pursuant to this Agreement or that seeks to enjoin, restrain or prohibit Seller from carrying out the Transaction.

(6) Except as disclosed in Schedule 6.3, to such counsel's knowledge, there is no outstanding judgment, or any suit, action, claim or proceeding pending, threatened or deemed by Seller's counsel to be probable of assertion, or any governmental proceeding or investigation in progress (other than proceedings affecting radio broadcasters generally) that could reasonably be expected to have an adverse effect upon the Purchased Assets or upon the business or operations of the Stations after Closing.

(7) Seller is the authorized legal holder of the FCC Licenses, the FCC Licenses are in full force and effect, and the FCC Licenses are not the subject of any pending license renewal application. The FCC Licenses set forth on Schedule 6.5 constitute all FCC licenses and authorizations issued in connection with the operation of the Stations and are the only such licenses and authorizations required for the operation of the Stations, as currently operated. There are no applications pending before the Commission with respect to the Stations.

(8) The Commission has consented to the assignment of the FCC Licenses to Buyer and, to such counsel's knowledge, no appeal or petition for reconsideration was filed.

(9) To the best of such counsel's knowledge, there is no Commission investigation, notice of apparent liability or order of forfeiture, pending or outstanding against the Stations, or any complaint, petition to deny or proceeding against or involving the Stations pending before the Commission.

The foregoing opinions shall be for the benefit of and may be relied on by Buyer and Buyer's lenders. In rendering such opinions, Seller's counsel may rely upon such corporate records of Seller and such certificates of public officials and officers of Seller as Seller's counsel deems appropriate.

(h) Final Order. The Commission's action granting the Assignment Application shall have become a Final Order.



(i) Financial Statements. The financial information set forth in the Stations' Financial Statements for the years ending December 31, 1997 and December 31, 1998, and for the period ending thirty (30) days prior to the Closing Date fairly and accurately reflect the financial performance and results of operation of the Stations for those periods.

(j) Trade Balance. The Trade Balance, if negative, will not exceed Five Thousand Dollars (\$5,000).

(k) Compensation. Seller shall have satisfied all amounts due employees for compensation, whether pursuant to the terms of a written agreement or otherwise, including bonuses, vacation and sick pay and reimbursement of expenses, that have accrued as of the Closing.

(l) Studio Site Lease. At Closing, Sinclair shall have assigned its interest in or have caused the owner of the Studio Site to enter into a written lease with Buyer for the use of the real property described in Section 6.13 as the Studio Site.

(m) WGCV-AM Studio Site Lease. At Closing, Seller shall have assigned its interest in or have cause the owner of the WGCV-AM Studio Site to enter into a written lease with Buyer for the use of the real property described in Schedule 6.13 as the WGCV-AM Studio Site.

(n) WCDX-FM Transmitter Site Lease. At Closing, Sinclair shall have assigned its interest in or have caused the owner of the WCDX-FM Transmitter Site to enter into a written lease with Buyer for the use of the real property described in Schedule 6.13 as the WCDX-FM Transmitter Site.

(o) WJRV-FM Transmitter Site Lease. At Closing, Commonwealth shall have assigned its interest in or have caused the owner of the WJRV-FM Transmitter Site to enter into a written lease with Buyer for the use of the real property described in Schedule 6.13 as the WJRV-FM Transmitter Site.

(p) WCDX-FM Backup Transmitter Site Lease. At Closing, Seller shall have caused John Sinclair (or his successors and assigns) to enter into a written lease with Buyer for the use of the WCDX-FM Backup Transmitter Site for an initial term of ten (10) years, with, at Buyer's option, two (2) renewal terms of ten (10) years each for the amount of \$100 per year.

(q) WPLZ-FM STL Site. At Closing, Seller shall have assigned its interest in or have cause the owner of the WPLZ-FM STL Site to enter into a written lease with Buyer for the use of the real property described in Schedule 6.13 as the WPLZ-FM STL Site.

(r) Environmental Remediation. Seller shall have cured, to Buyer's satisfaction, any deficiency identified in the Environmental Assessment, provided that in no event shall Seller be required to effect any cure except to  
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the extent any Hazardous Substances

would give rise to liability under Environmental Law as it applies to the present use of the Real Property, and provided further that Seller shall not be required to expend more than Fifty Thousand Dollars (\$50,000) to cure such deficiency.

(s) Title Insurance and Surveys. Buyer, at its cost and expense,  
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will obtain with respect to each parcel of owned real property described in Schedule 6.13 which is used as Station WPLZ-FM Transmitter Site and Station WGCV-AM Transmitter Site not less than forty-five (45) days prior to Closing, (i) an owner's policy, in an amount equal to the fair market value of such real property (including all improvements located thereon), insuring Buyer's fee simple title to such real property as of the Closing without defects in title, together with such endorsements for zoning, continuity, public access and extended coverage as Buyer or its lender may reasonably request and (ii) a current survey of each parcel of real property certified to Buyer and its lender, prepared by a licensed surveyor and conforming to current ALTA Minimum Detail Requirements for Land Title Surveys, disclosing the location of all improvements, easements, party walls, sidewalks, roadways, utility lines, and other matters shown customarily on such surveys, and showing access affirmatively to public streets and roads ("Survey") which shall not disclose any defect or encroachment from or onto any of the real property which has not been cured or insured over prior to the Closing.

(t) Closing Documents. At the Closing Seller shall deliver to Buyer

(i) such assignments, bills of sale and other instruments of conveyance as are necessary to vest in Buyer title to the Purchased Assets, all of which documents shall be dated as of the Closing Date, duly executed by Seller and in form reasonably acceptable to Buyer; (ii) a certificate, dated the Closing Date, executed by Seller's President certifying as to those matters set forth in Section 10.2(a) and (b); (iii) copies of Seller's corporate and governing resolutions authorizing the Transaction, each certified as to accuracy and completeness by Seller's Secretary, (iv) a document providing that Seller indemnifies Buyer for any claims that the intermediate party participating in the like-kind exchange may have against Buyer and (v) a certificate stating that the Operating Agreement for Station WGCV-AM with Hoffman Communications, Inc. has been terminated and all obligations under that agreement have been satisfied.

10.3. Additional Conditions to Seller's Obligation. In addition to  
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satisfaction of the mutual conditions contained in Section 10.1, the obligation of Seller to consummate the Transaction is subject, at Seller's option, to the satisfaction or waiver by Seller of each of the following conditions:

(a) Representations and Warranties. The representations and warranties of Buyer to Seller shall be true, complete and correct in all material respects as of the Closing Date with the same force and effect as if then made.

(b) Compliance with Conditions. All of the terms, conditions and covenants to be complied with or performed by Buyer on or before the Closing Date under this Agreement shall have been duly complied with and performed in all material respects.

(c) Assumption of Liabilities. Buyer shall assume and agree to pay, perform and discharge Seller's obligations under the Contracts, Sales Agreements and Trade Agreements to the extent Buyer has expressly agreed to assume such obligations pursuant to Section 4.4.

(d) Payment. Buyer shall pay Seller the Purchase Price due at Closing, as provided in Section 4.2.

(e) Closing Documents. Buyer shall deliver to Seller at the Closing (i) copies of Buyer's corporate resolutions authorizing the Transaction certified as to accuracy and completeness by Buyer's Secretary; and (ii) a certificate, dated the Closing Date, executed by Buyer's President certifying as to those matters set forth in Section 10.3(a) and (b).

11.0. CLOSING. The Closing shall occur no earlier than the tenth day after

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the date on which the Commission's grant of the Assignment Application becomes a Final Order and no later than eighteen (18) months from the date of this Agreement. Notwithstanding the preceding sentence, Seller shall have the option, upon sixty (60) days prior written notice to Buyer, of establishing a date for Closing that is no earlier than the tenth day after the date on which the Commission's grant of the Assignment Application becomes a Final Order and no later than eighteen (18) months from the date of this Agreement, provided

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that, all of the conditions to Closing described in Section 10 have been

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satisfied or waived. Seller and Buyer shall cooperate in seeking extensions from the Commission as necessary to permit Closing to occur consistent with the terms hereof. Closing shall take place at 10:00 a.m. on the Closing Date at the offices of Buyer's counsel, Kirkland & Ellis, 655 15th Street, NW, Suite 1200, Washington, D.C. 20005.

12.0. PRORATIONS.

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12.1. Apportionment of Expenses. To the extent that they are not

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prorated pursuant to Section 13.0 of the Time Brokerage Agreement, Seller shall be responsible for all expenses arising out of the business of the Stations until 11:59 p.m. on the Closing Date, and Buyer shall be responsible for all expenses arising out of the business of the Stations after 11:59 p.m. on the Closing Date to the extent such expenses relate to liabilities assumed by Buyer pursuant to Section 4.4. All overlapping expenses shall be prorated or reimbursed, as the case may be, as of 11:59 p.m. on the Closing Date, provided however, that Seller shall be responsible for the payment of any and all Regulatory Fees for Fiscal Year 1999 (covering authorizations held in connection with the Stations as of October 1, 1998), owing to the Federal Communications Commission for each of the Stations and any and all auxiliary broadcast facilities licensed to Seller and used in the operation of Stations.

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12.2. Determination and Payment. Prorations shall be made, insofar as

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feasible, at Closing and shall be paid by way of adjustment to the Purchase Price. As to the prorations that cannot be made at Closing, the parties shall, within ninety (90) days after the Closing Date, make and pay all such prorations. If the parties are unable to agree upon all such prorations within that 90-day period, then any disputed items shall be referred to a firm of independent certified public accountants, mutually acceptable to Seller and Buyer, whose decision shall be final, and whose fees and expenses shall be allocated between and paid by Seller and Buyer, respectively, to the

extent that such party does not prevail on the disputed matters decided by the accountants. If the disputed amount of the prorations are Ten Thousand Dollars (\$10,000) or less, Seller and Buyer shall each pay one-half.

13.0. POST-CLOSING OBLIGATIONS. The parties covenant and agree as follows

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with respect to the period subsequent to Closing:

13.1. Indemnification.  
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(a) Buyer's Right to Indemnification. Seller hereby indemnifies and holds Buyer, its officers, directors and shareholders harmless from and against (i) any breach, misrepresentation, or violation of any of Seller's representations, warranties, covenants, or other obligations contained in this Agreement or in any Seller Document; (ii) all obligations and liabilities of Seller and/or the Stations not expressly assumed by Buyer pursuant to Section 4.4; and (iii) all claims by third parties (including employees) against Buyer attributable to the operation of the Stations and/or the use or ownership of the Purchased Assets prior to Closing. This indemnity is intended by Seller to cover all actions, suits, proceedings, claims, demands, assessments, adjustments, interest, penalties, costs and expenses (including, reasonable fees and expenses of counsel), whether suit is instituted or not and, if instituted, whether at the trial or appellate level, with respect to any and all of the specific matters set forth in this indemnity.

(b) Seller's Right to Indemnification. Buyer hereby indemnifies and holds Seller, its officers, directors, shareholders, managers and members harmless from and against (i) any breach, misrepresentation or violation of any of Buyer's representations, warranties, covenants or obligations contained in this Agreement; (ii) all obligations and liabilities expressly assumed by Buyer hereunder pursuant to Section 4.4; and (iii) all claims by third parties against Seller attributable to Buyer's operation of the Stations after Closing. This indemnity is intended by Buyer to cover all actions, suits, proceedings, claims, demands, assessments, adjustments, interest, penalties, costs and expenses (including reasonable fees and expenses of counsel), whether suit is instituted or not and, if instituted, whether at the trial or appellate level, with respect to any and all of the specific matters set forth in this indemnity.

(c) Procedure for Indemnification. The procedure for indemnification shall be as follows:

(1) The party claiming indemnification (the "Claimant") shall give written notice to the party from which indemnification is sought (the "Indemnitor") promptly after the Claimant learns of any claim or proceeding covered by the foregoing agreements to indemnify and hold harmless and failure to provide prompt notice shall not be deemed to jeopardize Claimant's right to demand indemnification, provided, that, Indemnitor is not prejudiced by the -----  
delay in receiving notice.

(2) With respect to claims between the parties, following receipt of notice from the Claimant of a claim, the Indemnitor shall have 15 days to make any investigation of the claim that the Indemnitor deems necessary or desirable, or such lesser time if a 15-day

period would jeopardize any rights of Claimant to oppose or protest the claim. For the purpose of this investigation, the Claimant agrees to make available to the Indemnitor and its authorized representatives the information relied upon by the Claimant to substantiate the claim. If the Claimant and the Indemnitor cannot agree as to the validity and amount of the claim within the 15-day period, or lesser period if required by this section (or any mutually agreed upon extension hereof) the Claimant may seek appropriate legal remedies.

(3) The Indemnitor shall have the right to undertake, by counsel or other representatives of its own choosing, the defense of such claim, provided, that, Indemnitor acknowledges in writing to Claimant that Indemnitor

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would assume responsibility for and demonstrates its financial ability to satisfy the claim should the party asserting the claim prevail. In the event that the Indemnitor shall not satisfy the requirements of the preceding sentence or shall elect not to undertake such defense, or within 15 days after notice of any such claim from the Claimant shall fail to defend, the Claimant shall have the right to undertake the defense, compromise or settlement of such claim, by counsel or other representatives of its own choosing, on behalf of and for the account and risk of the Indemnitor. Anything in this Section 13.1(c)(3) to the contrary notwithstanding, (i) if there is a reasonable probability that a claim may materially and adversely affect the Claimant other than as a result of money damages or other money payments, the Claimant shall have the right, at its own cost and expense, to participate in the defense, compromise or settlement of the claim, (ii) the Indemnitor shall not, without the Claimant's written consent, settle or compromise any claim or consent to entry of any judgment which does not include as an unconditional term thereof the giving by the plaintiff to the Claimant of a release from all liability in respect of such claim, and (iii) in the event that the Indemnitor undertakes defense of any claim consistent with this Section, the Claimant, by counsel or other representative of its own choosing and at its sole cost and expense, shall have the right to consult with the Indemnitor and its counsel or other representatives concerning such claim and the Indemnitor and the Claimant and their respective counsel or other representatives shall cooperate with respect to such claim.

(d) Assignment of Claims. If any payment is made pursuant to this Section 13.1, the Indemnitor shall be subrogated to the extent of such payment to all of the rights of recovery of Claimant, and Claimant shall assign to Indemnitor, for its use and benefit, any and all claims, causes of actions, and demands of whatever kind and nature that Claimant may have against the person, firm, corporation or entity giving rise to the loss for which payment was made. Claimant agrees to reasonably cooperate in any efforts by Indemnitor to recover such loss from any person, firm, corporation or entity.

(e) Indemnification Not Sole Remedy. The right to indemnification provided for in this Section shall not be the exclusive remedy of either party in connection with any breach by the other party of its representations, warranties, covenants or other obligations hereunder, nor shall such indemnification be deemed to prejudice or operate as a waiver of any right or remedy to which either party may otherwise be entitled as a result of any such breach by the other party.

(f) Threshold Concerning Sections 13.1(a) and (b). Notwithstanding anything to the contrary in Sections 13.1(a) and (b), the parties shall not be entitled to indemnity under Sections 13.1(a) and (b) unless the aggregate loss indemnified against thereunder exceeds \$25,000 (in which case, the Claimant shall be entitled to recovery from the Indemnitor of the full amount of the loss).

13.2 Cooperation with Respect to Financial and Tax Matters. From the date

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of Closing and for a period of three (3) years thereafter, Seller shall provide Buyer with such cooperation and information as Buyer shall reasonably request in Buyer's: (i) analysis and review of the Financial Statements or (ii) preparation of documentation to fulfill any reporting requirements of Buyer including reports that may be filed with the Securities and Exchange Commission. Seller shall make its independent accounting firm available, the cost of said firm to be paid by the Buyer, and the information relied upon by that firm, including its opinions and Financial Statements for the Seller, to provide explanations of any documents or information provided hereunder and to permit disclosure by Buyer, including disclosure to any Governmental Authority.

13.3. Liabilities. Following the Closing Date, Seller shall pay

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promptly when due all of the debts and liabilities of Seller relating to the Stations, other than liabilities specifically assumed by Buyer hereunder.

14. DEFAULT AND REMEDIES.

14.1. Opportunity to Cure. If either party believes the other to be in

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breach or in default hereunder, the former party shall provide the other with written notice specifying in reasonable detail the nature of such default. If the default has not been cured by the earlier of: (i) the Closing Date, or (ii) within 10 days after delivery of that notice (or such additional reasonable time as the circumstances may warrant provided the party in default undertakes diligent, good faith efforts to cure the default within such 10-day period and continues such efforts thereafter), then the party giving such notice may exercise the remedies available to such party pursuant to this Section, subject to the right of the other party to contest the alleged default through appropriate proceedings.

14.2. Seller's Remedies. Buyer recognizes that if the Transaction is

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not consummated as a result of Buyer's default, Seller would be entitled to compensation, the extent of which is extremely difficult and impractical to ascertain. To avoid this problem, the parties agree that if the Transaction is not consummated due to the default of Buyer, Seller, provided that Seller is not in default and has otherwise complied with its obligations under this Agreement, shall be entitled to the Escrow Deposit, with interest earned thereon. The parties agree that this sum shall constitute liquidated damages and shall be in lieu of any other relief to which Seller might otherwise be entitled due to Buyer's failure to consummate the Transaction as a result of a default by Buyer.

14.3. Buyer's Remedies. Seller agrees that the Purchased Assets include

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unique property that cannot be readily obtained on the open market and that Buyer will be irreparably

injured if this Agreement is not specifically enforced. Therefore, Buyer shall have the right specifically to enforce Seller's performance under this Agreement, and Seller agrees (i) to waive the defense in any such suit that Buyer has an adequate remedy at law and (ii) to interpose no opposition, legal or otherwise, as to the propriety of specific performance as a remedy. If Buyer elects to terminate this Agreement as a result of Seller's default instead of seeking specific performance, Buyer shall be entitled to the return of the Escrow Deposit together with all interest earned thereon, and in addition thereto, to initiate a suit for damages. Buyer and Seller hereby agree that the total amount of damages to be recovered by Buyer from any suit for damages shall equal Two Million Dollars (\$2,000,000).

15.0. TERMINATION OF AGREEMENT.  
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15.1. Failure to Close. This Agreement may be terminated at the option  
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of either party upon written notice to the other if the Commission has not granted the Assignment Application within twelve (12) months after the Commission accepts the Assignment Application for filing or may be terminated by Buyer if the Commission's action granting the Assignment Application has not become a Final Order within eighteen (18) months from execution of this Agreement. This Agreement may also be terminated upon the mutual agreement of Buyer and Seller. In the event of termination pursuant to this Section, the Escrow Deposit, together with all interest earned thereon, shall be returned to Buyer and the parties shall be released and discharged from any further obligation hereunder unless the failure to consummate the Transaction is attributable to Buyer's default, and Seller is not in default and has otherwise complied with its obligations under this Agreement, in which case the Escrow Deposit plus interest earned thereon shall be released to Seller as liquidated damages pursuant to Section 14.2.

15.2. Designation for Hearing. The time for approval provided in  
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Section 15.1 notwithstanding, either party may terminate this Agreement upon written notice to the other, if, for any reason, the Assignment Application is designated for hearing by the Commission, provided, however, that written notice  
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of termination must be given within 10 days after release of the hearing designation order and that the party giving such notice is not in default and has otherwise complied with its obligations under this Agreement. Upon termination pursuant to this Section and provided that Buyer is not in default, the Escrow Deposit together with all interest earned thereon shall be returned to Buyer and the parties shall be released and discharged from any further obligation hereunder.

15.3. Environmental Remediation. By either Buyer or Seller if the  
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Environmental Assessment shows the presence of conditions that must be cured or removed and such remediation will cost in excess of Fifty Thousand Dollars (\$50,000) ("Threshold Amount") and Seller declines to pay for remediation in excess of the Threshold Amount, provided that neither Buyer nor Seller will be  
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entitled to terminate this Agreement pursuant to this Section 15.3 if Buyer elects to pay for remediation in excess of the Threshold Amount and such excess payment does not reduce the Purchase Price.

15.4. Failure to Pay Time Brokerage Agreement Fees. If Buyer defaults on  
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its obligations to pay the Time Brokerage Fee as defined in the Time Brokerage Agreement or the

expenses defined in Schedule 3.0 of the Time Brokerage Agreement and such default has not been cured within the period defined in the Time Brokerage Agreement, Seller may terminate this Agreement and exercise the remedies provided to Seller in Section 14.2 hereof.

16. GENERAL PROVISIONS.  
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16.1. Brokerage. Seller and Buyer represent to each other that neither party has dealt with a broker in connection with the Transaction, except that Seller has retained Star Media Group. No finders fee is due to any person or entity in connection with the Transaction except for Star Media Group and such fee shall be paid one half by Buyer and one half by Seller at Closing, provided that Buyer shall not be required to pay more than \$265,000.

16.2. Fees. All Commission filing fees for the Assignment Application, and all recording costs, transfer taxes, sales tax, document stamps and other similar charges shall be paid one-half by Seller and one-half by Buyer. Except as otherwise provided herein, all other expenses incurred in connection with this Agreement or the Transaction shall be paid by the party incurring those expenses whether or not the Transaction is consummated.

16.3. Notices. All notices, requests, demands and other communications pertaining to this Agreement shall be in writing and shall be deemed duly given when (i) delivered personally (which shall include delivery by Federal Express or other recognized overnight courier service that issues a receipt or other confirmation of delivery) to the party for whom such communication is intended, (ii) delivered by facsimile transmission or (iii) three business days after the date mailed by certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Sinclair or Commonwealth:

Mr. Robert Sinclair  
Sinclair Telecable, Inc.  
500 Dominion Tower  
999 Waterside Drive  
Norfolk, Virginia 23510  
Fax: (757) 640-8552

and

Mr. J. David Sinclair  
6158 Yellow Birch Court  
Plainfield, IN 46168  
Fax: (317) 838-7225

with a copy (which shall not constitute notice) to:



Howard M. Weiss, Esq.  
Fletcher Heald & Hildreth  
1300 North 17th Street  
11th Floor  
Arlington, VA 22209  
Fax: (703) 812-0486

If to Buyer:

Mr. Alfred C. Liggins, President  
Radio One, Inc.  
5900 Princess Garden Parkway  
8/th/ Floor  
Lanham, MD 20706  
Fax: (301) 306-9694

with a copy (which shall not constitute notice) to:

Linda J. Eckard, Esquire  
Radio One, Inc.  
5900 Princess Garden Parkway  
8/th/ Floor  
Lanham, MD 20706  
Fax: (301) 306-9638

and

Mr. Scott R. Royster  
Executive Vice President  
Radio One, Inc.  
5900 Princess Garden Parkway  
8thFloor  
Lanham, MD 20706  
Fax: (301) 306-9426

Either party may change its address for notices by written notice to the other given pursuant to this Section. Any notice purportedly given by a means other than as set forth in this Section shall be deemed ineffective.

16.4. Assignment. Neither party may assign this Agreement without the  
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other party's express prior written consent, provided, however, Buyer may assign  
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its rights and obligations pursuant to this Agreement without Seller's consent  
prior to closing to (i) an entity which is a

subsidiary or parent of Buyer or to an entity owned or controlled by Buyer or its principals provided that, Buyer remains obligated to pay the Purchase Price, or (ii) to Buyer's lenders as collateral for any indebtedness incurred by Buyer; and subsequent to Closing to (x) any entity which acquires all or substantially all of the Purchased Assets or (y) to Buyer's lenders as collateral for any indebtedness incurred by Buyer. Subject to the foregoing, this Agreement shall be binding on, inure to the benefit of, and be enforceable by the original parties hereto and their respective successors and permitted assignees.

16.5. Exclusive Dealings. For so long as this Agreement remains in

effect, neither Seller nor any person acting on Seller's behalf shall, directly or indirectly, solicit or initiate any offer from, or conduct any negotiations with, any person or entity concerning the acquisition of all or any interest in any of the Purchased Assets or the Stations, other than Buyer or Buyer's permitted assignees.

16.6. Third Parties. Nothing in this Agreement, whether express or

implied, is intended to: (i) confer any rights or remedies on any person other than Seller, Buyer and their respective successors and permitted assignees; (ii) relieve or discharge the obligations or liability of any third party; or (iii) give any third party any right of subrogation or action against either Seller or Buyer.

16.7. Indulgences. Unless otherwise specifically agreed in writing to

the contrary: (i) the failure of either party at any time to require performance by the other of any provision of this Agreement shall not affect such party's right thereafter to enforce the same; (ii) no waiver by either party of any default by the other shall be taken or held to be a waiver by such party of any other preceding or subsequent default; and (iii) no extension of time granted by either party for the performance of any obligation or act by the other party shall be deemed to be an extension of time for the performance of any other obligation or act hereunder.

16.8. Survival of Representations and Warranties. The

representations, warranties, and indemnification obligations of the parties contained herein shall survive for twelve (12) months after the Closing Date except that claims properly asserted within the twelve (12) month period shall survive until finally and fully resolved; provided, however, that Seller's

representations and warranties in Sections 6.2, 6.3, 6.4, 6.5, 6.10, 6.13 and 6.21 and Buyer's indemnification rights with respect thereto and with respect to Section 13.1(a)(ii) shall survive the Closing until the end of the applicable statute of limitations period.

16.9. Prior Negotiations. This Agreement supersedes in all respects all

prior and contemporaneous oral and written negotiations, understandings and agreements between the parties with respect to the subject matter hereof. All of such prior and contemporaneous negotiations, understandings and agreements are merged herein and superseded hereby.

16.10. Exhibits and Schedules. The Exhibits and Schedules attached hereto

or referred to herein are a material part of this Agreement, as if set forth in full herein.

16.11. Entire Agreement; Amendment. This Agreement, the Exhibits and

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Schedules to this Agreement set forth the entire understanding between the parties in connection with the Transaction, and there are no terms, conditions, warranties or representations other than those contained, referred to or provided for herein and therein. Neither this Agreement nor any term or provision hereof may be altered or amended in any manner except by an instrument in writing signed by each of the parties hereto.

16.12. Counsel/Interpretation. Each party has been represented by its own

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counsel in connection with the negotiation and preparation of this Agreement. This Agreement shall be fairly interpreted in accordance with its terms and, in the event of any ambiguities, no inferences shall be drawn against either party.

16.13. Governing Law, Jurisdiction. This Agreement shall be governed by,

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and construed and enforced in accordance with the laws of the Commonwealth of Virginia without regard to the choice of law rules utilized in that jurisdiction. Buyer and Seller each (a) hereby irrevocably submit to the jurisdiction of the courts of that state and (b) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court. Buyer and Seller each hereby consent to service of process by registered mail at the address to which notices are to be given. Each of Buyer and Seller agrees that its submission to jurisdiction and its consent to service of process by mail is made for the express benefit of the other party hereto. Final judgment against Buyer or Seller in any such action, suit or proceeding may be enforced in other jurisdictions by suit, action or proceeding on the judgment, or in any other manner provided by or pursuant to the laws of such other jurisdiction; provided, however, that any party may at its option bring suit, or institute

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other judicial proceedings, in any state or federal court of the United States or of any country or place where the other party or its assets, may be found.

16.14. Severability. If any term of this Agreement is illegal or

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unenforceable at law or in equity, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. Any illegal or unenforceable term shall be deemed to be void and of no force and effect only to the minimum extent necessary to bring such term within the provisions of applicable law and such term, as so modified, and the balance of this Agreement shall then be fully enforceable.

16.15. Counterparts. This Agreement may be signed in any number of

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counterparts with the same effect as if the signature on each such counterpart were on the same instrument. Each fully executed set of counterparts shall be deemed to be an original, and all of the signed counterparts together shall be deemed to be one and the same instrument.

16.16. Further Assurances. Seller shall at any time and from time to time

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after the Closing execute and deliver to Buyer such further conveyances, assignments and other written assurances as Buyer may reasonably request to vest and confirm in Buyer (or its assignee) the

title and rights to and in all the Purchased Assets to be and intended to be transferred, assigned and conveyed hereunder.

IN WITNESS WHEREOF, and to evidence their assent to the foregoing, Seller and Buyer have executed this Asset Purchase Agreement under seal as of the date first written above.

SELLER:

SINCLAIR TELECABLE, INC.  
d/b/a SINCLAIR COMMUNICATIONS

By: /S/ J. David Sinclair  
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J. David Sinclair  
President

AND

COMMONWEALTH BROADCASTING, LLC

By: /S/ J. David Sinclair  
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J. David Sinclair  
Member

BUYER:

RADIO ONE, INC.

By: /S/ Alfred C. Liggins  
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Alfred C. Liggins  
President

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EMPLOYMENT AGREEMENT

BETWEEN

RADIO ONE, INC.

AND

SCOTT R. ROYSTER

Dated effective as of January 1, 1999  
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EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement"), dated effective as of January 1, 1999, is made by and between Radio One, Inc., a Delaware corporation (the "Company"), and Scott R. Royster (the "Executive").

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, the Company and Executive hereby agree as follows:

1. Definitions.

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"Affiliate" shall mean any Person directly or indirectly controlling, controlled by, or under common control with, the Company.

"Annual Base Salary" shall mean the annual base salary as described in Section 5.1 hereof.

"Annual Incentive" shall have the meaning set forth in Section 5.2 hereof.

"Award" shall have the meaning set forth in Section 5.10 hereof.

"Award Date" shall have the meaning set forth in Section 5.10 hereof.

"Award Shares" shall have the meaning set forth in Section 5.10 hereof.

"Award Stock" shall mean (i) the Award Shares and (ii) all shares of Common Stock issued with respect to the Award Shares by way of stock dividend or stock split or in connection with any conversion, merger, consolidation or recapitalization or other reorganization affecting the Common Stock.

"Board" shall mean the board of directors of the Company.

"Cause" shall mean (i) the commission by Executive of a felony, fraud, embezzlement or an act of serious, criminal moral turpitude which, in case of any of the foregoing, in the good faith judgment of the Board, is likely to cause material harm to the business of the Company and the Company Affiliates, taken as a whole, provided that in the absence of a conviction or plea of nolo contendere, the Company will have the burden of proving the commission of such act by clear and convincing evidence, (ii) the commission of an act by Executive constituting material financial dishonesty against the Company or any Company Affiliate, provided that in the absence of a conviction or plea of nolo contendere, the Company will have the burden of proving the commission of such act by a preponderance of the evidence, (iii) the repeated refusal by Executive to use his reasonable and diligent efforts to follow the lawful and reasonable directives

(in light of the terms of this Agreement) of the Board with respect to a matter or matters within the control of Executive, or (iv) Executive's willful gross neglect in carrying out his material duties and responsibilities under this Agreement, provided, that, unless the Board reasonably determines that a breach described in clause (iii) or (iv) is not curable, Executive will, subject to the following proviso, be given written notice of such breach and will be given an opportunity to cure such breach to the reasonable satisfaction of the Board within thirty (30) days of receipt of such written notice (subject to the Executive's right to seek arbitration of the cure of such breach as provided in Section 11 of this Agreement), and, provided further, that Executive will only be entitled to cure two such defaults during the Term of Employment.

"Change of Control" shall be deemed to have occurred in the event of a transaction or series of related transactions pursuant to which any Person or group (as such term is defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) of Persons, other than Catherine L. Hughes and Alfred C. Liggins, III, (a) acquire, whether by merger, consolidation or transfer or issuance of capital stock, capital stock of the Company (or any surviving or resulting company) possessing the voting power to elect a majority of the Board of the Company (or such surviving or resulting company) or (b) acquire all or substantially all of the Company's assets determined on a consolidated basis.

"Commencement Date" shall have the meaning set forth in Section 3 hereof.

"Common Stock" shall mean all classes of the Company's Common Stock and any capital stock of the Company distributed after the date of this Agreement with respect to shares of Common Stock by way of dividend, distribution, stock split, exchange, conversion, merger, consolidation, reorganization or other recapitalization.

"Company Affiliate" shall mean any Subsidiary of the Company.

"Confidential Information" shall have the meaning set forth in Section 7 hereof.

"Date of Termination" shall mean the earlier of (a) the date of termination, if any, specified in the Notice of Termination (which date shall not be earlier than the date of receipt of such Notice of Termination) or (b) the date on which Executive's employment under this Agreement actually terminates.

"Disability" shall mean Executive's inability to render the services required under this Agreement by reason of a physical or mental disability for ninety (90) days, which need not be consecutive, during any twelve (12) consecutive month period, and the effective date of such Disability shall be the day next following such ninetieth (90<sup>th</sup>) day. A determination of Disability will be made by a physician satisfactory to both Executive and the Company; provided that if Executive and the Company cannot agree as to a physician, then each will select a physician and such physicians shall together select a third physician, whose determination as to Disability shall be completed within ten (10) days of the date on which the disagreement between Executive and the Company arose and the decision of such third physician will be final and binding on Executive and



the Company. Executive and the Company shall have the right to present to such physician such information and arguments as each deems appropriate, including the opinion of other physicians.

"Equity Financing" shall have the meaning set forth in Section 5.3 hereof.

"Equity Financing Bonus" shall have the meaning set forth in Section 5.3 hereof.

"Exercise Dates" shall have the meaning set forth in Section 5.11(b) hereof.

"Fair Market Value" per share on any given date means the average for the preceding ten (10) trading days of the closing prices of the sales of the Common Stock on all securities exchanges on which such stock may at the time be listed, or, if there have been no sales on any such exchange on any day, the average of the highest bid and lowest asked prices on all such exchanges at the end of such day, or, if on any day such stock is not so listed, the average of the representative bid and asked prices quoted on the Nasdaq Stock Market as of 4:00 P.M., New York time, or, if on any day such stock is not quoted on the Nasdaq Stock Market, the average of the highest bid and lowest asked prices on such day in the domestic over-the-counter market as reported by the National Quotation Bureau, Incorporated, or any similar successor organization. If at any time the Common Stock is not listed or quoted, the Fair Market Value per share shall be determined by the Board or a committee of the Board based on such factors as the members thereof in the exercise of their business judgment reasonably consider relevant.

"Good Reason" shall be deemed to exist if, without the express written consent of Executive, (a) Executive's rate of Annual Base Salary (as provided in Section 5.1 of this Agreement), including any increases, is reduced, (b) Executive suffers a substantial reduction in his title, duties or responsibilities, (c) the Company's headquarters shall be located outside the geographic area described in Section 5.9 hereof, (d) the Company fails to pay Executive's Annual Base Salary when due or to pay any other material amount due to Executive hereunder within five (5) days of written notice from Executive, (e) the Company materially breaches this Agreement (other than a breach described in the preceding clause (d)) and fails to correct such breach within thirty (30) days after receiving the Executive's demand that it remedy the breach, or (f) the Company fails to obtain a satisfactory written agreement from any successor to assume and agree to perform this Agreement, which successor the Executive reasonably concludes is capable of performing the Company's financial obligations under this Agreement.

"Noncompete Period" shall have the meaning set forth in Section 9(a) hereof.

"Notice of Termination" shall have the meaning set forth in Section 6.5 hereof.

"Option" shall have the meaning set forth in Section 5.11 hereof.

"Option Agreement" shall have the meaning set forth in Section 5.11 hereof.

"Option Shares" shall have the meaning set forth in Section 5.11 hereof.

"Person" shall mean any natural or legal person including any individual, partnership, joint venture, corporation, association, joint stock company, limited liability company, trust, unincorporated organization or government or any department or agency or political subdivision thereof.

"Section 6.1 Severance Period" shall have the meaning set forth in Section 6.1(a)(i) hereof.

"Section 6.2 Severance Period" shall have the meaning set forth in Section 6.2(a)(i) hereof.

"Subsidiary" shall mean, with respect to any Person, a corporation of which the securities having a majority of the voting power in electing directors are, at the time of determination, owned by such Person, directly or through one of more Subsidiaries.

"Term of Employment" shall have the meaning set forth in Section 3 hereof.

"Transfer" shall mean a sale, transfer, assignment, pledge, hypothecation, mortgage or other disposition (whether with or without consideration and whether voluntarily or involuntarily or by operation of law) of any interest in any shares of Award Stock.

"Withholding Amount" shall have the meaning set forth in Section 5.10(b) hereof.

"Work Product" shall have the meaning set forth in Section 8 hereof.

2. Employment. During the Term of Employment, subject to the terms and ----- provisions set forth in this Agreement, the Company shall continue to employ Executive as the Chief Financial Officer and Executive Vice President of the Company, and Executive hereby accepts such employment.

3. Term of Employment. The term of employment under this Agreement shall ----- commence as of the date hereof (the "Commencement Date") and, unless earlier terminated by the Company or Executive under Section 6 of this Agreement, shall continue for a period of three years (the "Term of Employment").

4. Positions, Responsibilities and Duties. -----

4.1 Duties. During the Term of Employment, Executive, as Chief ----- Financial Officer and Executive Vice President of the Company, shall be responsible, subject to the direction of the Board, for the financial affairs and operations of the Company and for such other duties and functions of a senior executive nature, commensurate with his title, responsibility and remuneration as may be directed from time to time by the Board. Executive shall report solely to the Chief Executive Officer and President.

4.2 Attention to Duties and Responsibilities. During the Term of

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Employment, Executive shall devote substantially all of his business time to the business and affairs of the Company and shall use his best efforts, ability and fidelity to perform faithfully and efficiently his duties and responsibilities.

5. Compensation and Other Awards.  
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5.1 Annual Base Salary. During the Term of Employment, as

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compensation for the services to be provided by Executive under this Agreement, the Company shall pay Executive an annual base salary of Two Hundred Thousand Dollars (\$200,000), which shall be increased (but not decreased) at the commencement of each calendar year by an amount which shall be no less than five percent (5%) of such annual base salary in effect immediately prior to such increase, or such greater amount as the Board in its sole discretion shall decide. Such annual base salary shall be payable to Executive in equal installments at least twice per month in accordance with the Company's regular payroll practice.

5.2 Annual Incentive Compensation. The Board may, in its sole

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discretion, award an annual incentive cash payment (the "Annual Incentive") to Executive during each or any year occurring during the Term of Employment based upon Executive's performance and the Company's operating results during any such year. The Annual Incentive, if any, shall be due and payable by the Company on or before February 28 of the year immediately following the year for which such Annual Incentive is awarded.

5.3 Equity Financing Bonus. Upon completion of the first equity

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financing by the Company following the Commencement Date in which the Company receives at least Fifty Million Dollars (\$50,000,000) in gross proceeds (the "Equity Financing"), the Company shall pay to Executive a one-time cash bonus of Sixty Thousand Dollars (\$60,000) so long as Executive is employed by the Company at the time of the completion of such Equity Financing (the "Equity Financing Bonus"). The Equity Financing Bonus shall be due and payable by the Company within thirty (30) days after the completion of such Equity Financing.

5.4 Retirement and Savings Plans. During the Term of Employment and

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to the extent eligible, Executive shall participate in all pension, retirement, savings and other employee benefit plans and programs, if any, generally applicable to executives of the Company.

5.5 Welfare Benefit Plans and Perquisites. During the Term of

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Employment and to the extent eligible, Executive, Executive's spouse, if any, and Executive's eligible dependents, if any, shall participate in and be covered by all welfare benefit plans and programs, if any, and shall be entitled to receive such perquisites and fringe benefits, if any, generally applicable to executives of the Company.

5.6 Expense Reimbursement. During the Term of Employment, Executive

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shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by Executive in performing his duties and responsibilities hereunder in accordance with the policies and procedures

of the Company as in effect at the time the expense was incurred, as the same may be changed prospectively from time to time.

5.7 Vacation Benefits. During the Term of Employment, Executive

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shall be entitled to three (3) weeks paid vacation annually at such times which do not materially interfere with the operations of the Company. Any vacation not used by Executive during any calendar year during the Term of Employment shall accumulate to the extent permitted by and in accordance with the Company policy then in effect.

5.8 Vehicle Allowance. During the Term of Employment, Executive

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shall be entitled to use of an automobile leased by the Company at a cost to the Company, including the cost of any and all applicable insurance therefore, not to exceed One Thousand Dollars (\$1,000.00) per month. Upon expiration of the Company's lease, Executive shall have the right to purchase such vehicle in accordance with the terms of the Company's lease agreement for such vehicle.

5.9 Geographic Location. Executive's services hereunder shall be

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rendered primarily in (a) the Washington, D.C. metropolitan area, or (b) such other location mutually agreed to by the Company and Executive.

5.10 Restricted Stock Award. The Company has awarded to Executive

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(the "Award") One and Five Hundred and Three One Thousandths (1.503) shares of the Company's Class C Non-Voting Common Stock, par value \$.01 per share (the "Award Shares"). The Award was effective as of January 25, 1999 (the "Award Date") and shall be subject to terms and conditions of this Section 5.10.

(a) The Company and Executive agree that as of the Award Date, the value of the Award Stock was Two Hundred Twenty-Five Thousand Dollars (\$225,000). The Company and Executive shall use reasonable efforts to take accounting and tax positions consistent with such valuation. Executive has made an election, in the form attached hereto as Exhibit A, to have the Award Shares taxed under the provisions of (S)83(b) of the Internal Revenue Code.

(b) Executive shall be responsible for the payment of any withholding tax requirement arising from the Award. The amount of withholding tax required with respect to the Award (the "Withholding Amount") shall be determined by the Treasurer or other appropriate officer of the Company, and Executive shall furnish such information and make such representations as such officer requires to make such determination. The Company shall notify Executive of the Withholding Amount and Executive shall pay such Withholding Amount to the Company, either in cash, by certified cashier's check, or by delivery to the Company of a full recourse promissory note of the Executive in form and substance acceptable to the Company. The Company shall remit the Withholding Amount to the appropriate taxing authority or authorities.

(c) The Award Stock shall incrementally vest during the Term of Employment pursuant to the following schedule: Twenty-five percent (25%) of the Award Shares vested on January 25, 1999, and the remaining Award Shares shall vest in equal portions on the last

day of each calendar month beginning February 28, 1999, through and including December 31, 2001.

(d) Upon a Change of Control, all of Executive's unvested Award Stock shall immediately become fully vested.

(e) During the Term of Employment, and so long as the Company has never had a class of equity security (other than a class of equity security that is preferred as to the payment of dividends or upon liquidation of the Company) registered under the Securities Act of 1933, as amended, Executive may not Transfer any Award Stock, except that Executive may (i) pledge shares of Award Stock to the Company, or (ii) if the Company so agrees, sell vested Award Stock to the Company for its then-current Fair Market Value in accordance with the provisions of Section 5.12(a) hereof. Any Transfer or attempted Transfer of any Award Stock in violation of this Section 5.10(e) shall be null and void, and the Company shall not record such Transfer on its books or treat any purported transferee of such Award Stock as the owner of such securities for any purpose.

(f) Upon termination of Executive's employment hereunder, and so long as the Company has never had a class of equity security (other than a class of equity security that is preferred as to the payment of dividends or upon liquidation of the Company) registered under the Securities Act of 1933, as amended, the Company may, at its sole option and in accordance with the provisions of Section 5.12(b) hereof, elect to purchase from Executive all but not less than all of the vested Award Stock held by Executive for its then-current Fair Market Value.

(g) Upon termination of Executive's employment hereunder, the Company may repurchase from Executive any unvested Award Stock for the value of such unvested Award Stock as set forth in the election under (S)83(b) of the Internal Revenue Code referred to in Section 5.10(a) hereof.

(h) Executive hereby acknowledges that the Award Stock has not been registered under the Securities Act of 1933, as amended, and accordingly, such Award Stock may be subject to certain transfer restrictions (in addition to the transfer restrictions on Award Stock set forth in Section 5.10(e) hereof). The certificate(s) representing such Award Stock will bear the following legend:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN EXEMPTION FROM REGISTRATION THEREUNDER. THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY ALSO BE SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER, CERTAIN REPURCHASE OPTIONS, AND CERTAIN OTHER AGREEMENTS SET FORTH IN AN EMPLOYMENT AGREEMENT BETWEEN THE COMPANY AND THE SIGNATORY THERETO DATED AS OF JANUARY 1, 1999.

A COPY OF SUCH AGREEMENT MAY BE OBTAINED BY THE HOLDER HEREOF AT THE COMPANY'S PRINCIPAL PLACE OF BUSINESS WITHOUT CHARGE.

(i) Executive (i) agrees, if requested by the Company and the managing underwriter(s) for the Company's initial public offering, not to sell or otherwise transfer or dispose of any Award Stock or Option Shares held by him for up to 180 days following the effective date of a registration statement relating to such offering; and (ii) acknowledges that the Company may impose stop transfer restrictions on any such Award Stock or Option Shares held by Executive as a means of enforcing the provisions hereof regardless of whether Executive executes a "lock-up" agreement reflecting the terms hereof; provided,

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however, that the foregoing provisions of this Section 5.10(i) shall only be

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applicable to the extent that, with respect to such registration, (i) the executive officers of the Company, (ii) all directors of the Company and (iii) all holders of greater than 2% of the capital stock of the Company on a fully-diluted basis enter into similar "lock-up" agreements of equal duration to that imposed on Executive.

5.11 Stock Options. The Company shall grant to Executive options (the

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"Options") to purchase Eighteen Thousand Six-Hundred Forty-Six (18,646) Shares (subject to adjustment as provided in Section 3) (the "Option Shares") of the Company's Class A Common Stock, par value \$.001 per share, pursuant to an Agreement Evidencing Grant of Stock Option of even date herewith (the "Option Agreement"), a copy of which is attached hereto as Exhibit B. Except as set forth in this Section 5.11, all terms and conditions of such option (and of such Class A Common Stock to be issued upon the exercise of such option) shall be set forth in the Option Agreement.

(a) The price payable by Executive for each Option Share shall be as set forth in Section 2 of the Option Agreement.

(b) The Option to purchase Option Shares shall first become exercisable in equal increments on and after thirty-two (32) dates ("Exercise Dates") during the Term of Employment. The first such Exercise Date shall be on May 31, 1999, and each subsequent Exercise Date shall be on the last day of each calendar month thereafter, through and including December 31, 2001.

(c) Upon a Change of Control, all of Executive's Options shall become fully and immediately exercisable.

(d) Upon termination of Executive's employment hereunder, any then unexercisable Option shall expire and be immediately forfeited. Executive's right to exercise any exercisable Option following termination of his employment shall also expire and be forfeited to the extent that such Options are not exercised on or before the ninetieth (90/th/) day following such termination.

(e) All unexercised Options to acquire Option Shares shall expire on the tenth anniversary of their respective dates of grant.

(f) During the Term of Employment, and so long as the Company has never had a class of equity security (other than a class of equity security that is preferred as to the payment of dividends or upon liquidation of the Company) registered under the Securities Act of 1933, as amended, Executive may not Transfer any Options, whether or not exercised, or Option Shares except that Executive may (i) pledge Option Shares to the Company, (ii) deliver Option Shares to the Company or direct the Company to withhold Option Shares otherwise issuable upon exercise of the Option in satisfaction of withholding tax requirements as described in Section 6(b) of the Option Agreement, or (iii) if the Company so agrees, sell Option Shares to the Company for the then-current Fair Market Value of such Option Shares in accordance with the provisions of Section 5.12(a) hereof. Any Transfer or attempted Transfer of any Option Shares in violation of this Section 5.11(f) shall be null and void, and the Company shall not record such Transfer on its books or treat any purported transferee of such Option Shares as the owner of such securities for any purpose.

(g) Upon termination of Executive's employment hereunder, and so long as the Company has never had a class of equity security (other than a class of equity security that is preferred as to the payment of dividends or upon liquidation of the Company) registered under the Securities Act of 1933, as amended, the Company may, at its sole option and in accordance with the provisions of Section 5.12(b) hereof, elect to purchase from Executive all but not less than all of the Option Shares held by Executive, or thereafter acquired by Executive in accordance with Section 5.11(d) hereof, for the then-current Fair Market Value of such Option Shares.

(h) Executive hereby acknowledges that until such time as the Option Shares have been registered under the Securities Act of 1933, as amended, (which registration the Company will file promptly after its Common Stock first becomes so registered) such Option Shares shall be subject to certain transfer restrictions (in addition to the transfer restrictions on the Option Shares forth in Section 5.11(f) hereof) and will bear the following legend:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN EXEMPTION FROM REGISTRATION THEREUNDER.

The certificate(s) representing the Option Shares will also bear the following legend:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY ALSO BE SUBJECT TO RESTRICTIONS ON TRANSFER, CERTAIN REPURCHASE OPTIONS, AND CERTAIN OTHER AGREEMENTS SET FORTH IN AN EMPLOYMENT AGREEMENT AND AN AGREEMENT EVIDENCING GRANT OF A STOCK OPTION, BOTH BETWEEN THE COMPANY AND THE SIGNATORY THERETO AND DATED AS OF JANUARY 1, 1999. A COPY OF

SUCH AGREEMENTS MAY BE OBTAINED BY THE HOLDER HEREOF AT THE COMPANY'S PRINCIPAL PLACE OF BUSINESS WITHOUT CHARGE.

5.12 Purchase/Repurchase by Company of Award Stock/Options Shares

(a) During Term of Employment. At any time during the Term of

Employment, Executive may submit a written proposal to the Company offering to sell to the Company some or all of the vested Award Stock and/or Option Shares held by Executive at the time of such offer. The Company may, at its sole option, elect to purchase some or all of such vested Award Stock and/or Option Shares for its then-current Fair Market Value. If the Company does not elect to purchase some or all of such vested Award Stock and/or Option Shares, and so long as the Company has never had a class of equity security (other than a class of equity security that is preferred as to the payment of dividends or upon liquidation of the Company) registered under the Securities Act of 1933, as amended, the Company may, in its sole and absolute discretion, elect to waive the transfer restrictions imposed by Section 5.10(e) and Section 5.11(f) to permit the Transfer of such vested Award Stock and/or Option Shares to a third party.

(b) Upon Termination of Executive's Employment. In accordance with

Section 5.10(f) and Section 5.11(g), upon termination of the Executive's employment under this Agreement, and so long as the Company has never had a class of equity security (other than a class of equity security that is preferred as to the payment of dividends or upon liquidation of the Company) registered under the Securities Act of 1933, as amended, the Company shall have the right, but not the obligation, to purchase from Executive all or any portion of the vested Award Stock and Option Shares held by Executive upon such termination (and any Option Shares thereafter acquired by Executive in accordance with Section 5.11(d) hereof) (the "Call Stock") for the Fair Market Value of such Call Stock. The Company shall exercise the right to purchase such Call Stock by written notice to the Executive within sixty (60) days of such termination (the "Call Period"). Within thirty (30) days of such exercise, the Company shall pay to Executive the purchase price for such Call Stock and the Executive shall surrender such Call Stock to the Company. If the Company does not provide notice of its intent to purchase the Call Stock during the Call Period, upon expiration of such Call Period, the transfer restrictions of this Section 5.12(b) shall expire.

6. Termination. Executive's employment hereunder may be terminated under

the following circumstances:

6.1 Termination Upon Expiration of Term of Employment or by Executive

Upon Change of Control.

(a) In the event of a termination by the Company of Executive's employment under this Agreement upon expiration of the Term of Employment in accordance with Section 3 hereof (except as provided in Section 6.2 hereof) or pursuant to Section 6.1(b) hereof, the Term of Employment shall end and, notwithstanding Section 5 hereof, Executive shall only be entitled to:



(i) the continuation of the Annual Base Salary at the rate then in effect (as provided in Section 5.1 of this Agreement) on the Date of Termination for a period of six (6) months commencing on such Date of Termination (the "Section 6.1 Severance Period").

(ii) any Annual Base Salary accrued to the Date of Termination and any Annual Incentive relating to a prior year actually awarded or, relating to any year, objectively determinable, but not yet paid as of the Date of Termination;

(iii) reimbursement for all expenses (under Sections 5.6 and 5.8 of this Agreement) incurred as of the Date of Termination, but not yet paid as of the Date of Termination;

(iv) to the extent applicable, and as so permitted by applicable law, the continuation of Executive's welfare benefits (as described in Section 5.5 of this Agreement) at the level in effect on the Date of Termination during the Section 6.1 Severance Period or beyond as the law requires, and any other compensation and benefits as may be provided in accordance with the terms and provisions of applicable plans and programs, if any, generally applicable executives of the Company or specifically applicable to Executive;

(v) such rights as Executive may have under any other written agreement between the Company and the Executive which is then currently in effect.

(b) The amounts owed under Section 6.1(a)(i) shall be payable in equal bi-weekly installments from the Date of Termination through the expiration of the Section 6.1 Severance Period. The amounts owed under Section 6.1(a)(ii) shall be paid within fifteen (15) days of the Date of Termination, and the amounts owed under Section 6.1(a)(iii), unless otherwise expressly specified herein, shall be paid in accordance with the policies and procedures of the Company in effect at the time the applicable expenses were incurred. Any amounts owed under Section 6.1(a)(iv) shall be payable in accordance with the terms of the applicable plans and programs.

(c) At any time during the six (6) month period immediately following a Change of Control, the Executive may, in his sole discretion and upon thirty (30) days' prior written notice to the Board, terminate his employment under this Agreement and receive the benefits provided under Section 6.1(a) hereof.

6.2 Termination by the Company Without Cause or Upon Change of Control or  
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by Executive for Good Reason.  
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(a) In the event that the Company terminates Executive's employment without Cause, or in accordance with Section 3 hereof at any time during the six month period

immediately following a Change of Control, or if the Executive terminates his employment for Good Reason, Executive shall only be entitled to:

(i) the continuation of the Annual Base Salary at the rate then in effect (as provided in Section 5.1 of this Agreement) on the Date of Termination for a period of twelve (12) months commencing on such Date of Termination (the "Section 6.2 Severance Period").

(ii) any Annual Base Salary accrued to the Date of Termination and any Annual Incentive relating to a prior year actually awarded or, relating to any year, objectively determinable, but not yet paid as of the Date of Termination;

(iii) reimbursement for all expenses (under Sections 5.6 and 5.8 of this Agreement) incurred as of the Date of Termination, but not yet paid as of the Date of Termination;

(iv) to the extent applicable, and as so permitted by applicable law, the continuation of Executive's welfare benefits (as described in Section 5.5 of this Agreement) at the level in effect on the Date of Termination during the Section 6.2 Severance Period or beyond as the law requires, and any other compensation and benefits as may be provided in accordance with the terms and provisions of applicable plans and programs, if any, generally applicable executives of the Company or specifically applicable to Executive;

(v) such rights as Executive may have under any other written agreement between the Company and the Executive which is currently in effect.

(b) The amounts owed under Section 6.2(a)(i) shall be payable in equal bi-weekly installments from the Date of Termination through the expiration of the Section 6.2 Severance Period. The amounts owed under Section 6.2(a)(ii) shall be paid within fifteen (15) days of the Date of Termination, and the amounts owed under Section 6.2(a)(iii), unless otherwise expressly specified herein, shall be paid in accordance with the policies and procedures of the Company in effect at the time the applicable expenses were incurred. Any amounts owed under Section 6.2(a)(iv) shall be payable in accordance with the terms of the applicable plans and programs.

(c) Upon thirty (30) days' prior written notice to the Board, Executive may terminate his employment under this Agreement for Good Reason and such notification shall specify the act, or acts, on the basis of which Executive has found Good Reason. The Board shall then be provided the opportunity, within thirty (30) days of its receipt of such notification, to meet with Executive to discuss such act or acts. If Executive does not rescind his termination of employment at such meeting, Executive's employment by the Company shall be terminated for Good Reason pursuant to this Section 6.2, subject to the Company's right to seek arbitration of the existence of Good Reason as provided in Section 11 of this Agreement, and the Executive shall receive the

benefits provided under Section 6.2(a) hereof. The Company agrees that the Executive's continuation of his employment during the initial six-month period following the occurrence of a Good Reason shall not constitute a waiver of his rights to resign for Good Reason, which shall be preserved during such period.

6.3 Termination Due to Death or Disability, by the Company for Cause

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or by Executive without Good Reason.  
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(a) In the event of Executive's death, or a termination of Executive's employment under this Agreement by either the Company or Executive due to Disability, or the termination by the Company of Executive's employment under this Agreement for Cause, or if Executive terminates his employment with the Company without Good Reason, the Term of Employment shall end and, notwithstanding Section 5 hereof, Executive, his estate or other legal representative, as the case may be, shall only be entitled to:

(i) any Annual Base Salary accrued to the Date of Termination and any Annual Incentive relating to a prior year actually awarded or, relating to any year, objectively determinable, but not yet paid as of the Date of Termination;

(ii) reimbursement for all expenses (under Sections 5.6 and 5.8 of this Agreement) incurred as of the Date of Termination, but not yet paid as of the Date of Termination;

(iii) any other compensation and benefits as may be provided in accordance with the terms and provisions of applicable plans and programs, if any, generally applicable to executives of the Company or specifically applicable to Executive;

(iv) such rights as Executive may have under any other written agreement between the Company and the Executive which is currently in effect.

(b) The amounts owed under Section 6.3(a)(i) shall be paid within fifteen (15) days of the Date of Termination, and the amounts owed under section 6.3(a)(ii), unless otherwise expressly specified herein, shall be paid in accordance with the policies and procedures of the Company in effect at the time the applicable expenses were incurred. Any amounts owed under section 6.3(a)(iii) shall be payable in accordance with the terms of the applicable plans and programs.

(c) The Company may terminate the Executive for Cause. In each case, the existence of Cause must be confirmed by the Board prior to any termination therefor. In the event of such a confirmation, the Company shall notify Executive that the Company intends to terminate Executive's employment for Cause under this Section 6.3. Such notification shall specify the act, or acts, on the basis of which the Board has so confirmed the existence of Cause.

6.4 No Mitigation; No Offset. In the event of any termination of

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employment, Executive shall be under no obligation to seek other employment and there shall be no offset against any amounts due Executive under this Agreement on account of any remuneration attributable to any subsequent employment that Executive may obtain. Any amounts due under this Section 6 are in the nature of severance payments, or liquidated damages, or both, and are not in the nature of a penalty.

6.5 Notice of Termination. Any termination of Executive's employment

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under Section 3 or this Section 6 shall be communicated by a notice of termination (the "Notice of Termination") to the other party hereto given in accordance with Section 13.3 of this Agreement. Such notice shall (a) indicate the specific termination provision in this Agreement relied upon, (b) set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, and (c) if the termination date is other than the date of receipt of such notice, specify the date on which Executive's employment is to be terminated (which date shall not be earlier than the date on which such notice is actually received).

7. Confidential Information. Executive acknowledges that the

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confidential or proprietary information obtained by him while employed by the Company concerning the business or affairs of the Company or any Affiliate of the Company ("Confidential Information") is the property of the Company or such Affiliate, as the case may be. For purposes of this Agreement, the term "Confidential Information" does not include information that Executive can demonstrate (a) was in Executive's possession prior to first being employed by the Company, provided that such information is not known by Executive to be subject to another confidentiality agreement with, or other obligation of secrecy to, the Company or another party, (b) is generally available to the public and became generally available to the public other than as a result of a disclosure in violation of this Agreement, (c) became available to Executive on a non-confidential basis from a third party, provided that such third party is not known by Executive to be bound by a confidentiality agreement with, or other obligation of secrecy to, the Company or another party or is otherwise prohibited from providing such information to Executive by a contractual, legal or fiduciary obligation or (d) Executive is required to disclose pursuant to applicable law or regulation (as to which information, Executive will provide the Company with prior notice of such requirement and, if practicable, an opportunity to obtain an appropriate protective order). Executive agrees that he will not during the Term of Employment and for the two-year period following the Term of Employment, willfully disclose Confidential Information to any Person (other than employees of the Company or any Subsidiary thereof or any other Person expressly authorized by the Board to receive Confidential Information or otherwise as required in the course of his duties during the Term of Employment) or use for his own account any Confidential Information without the prior written consent of the Board. Executive shall deliver to the Company at the termination of the Term of Employment, or at any other time the Board may request in writing, all memoranda, notes, plans, records, reports, computer tapes and software and other documents and data (and copies thereof) containing Confidential Information or Work Product which he may then possess or have under his control. The Company shall, upon Executive's request, provide to Executive a copy of such documents as

may be reasonably necessary for Executive to exercise his rights under Section 11 hereof, or to defend himself in any third party or shareholder disputes, and which shall otherwise remain subject to the provisions of this Section 7.

8. Work Product. Executive agrees that all inventions, innovations,  
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improvements, developments, methods, designs, analyses, reports and all similar or related information which relate to the Company's or its Subsidiaries' actual business, research and development or existing products or services and which are conceived, developed or made by Executive while employed with the Company ("Work Product") belong to the Company or such Subsidiary, provided that Executive shall have a perpetual, non-exclusive, royalty-free license (without the right to sub-license) to use any business modeling programs he creates so long as such use would not violate the provisions of Section 9 hereof. Upon the written request of the Board, Executive will promptly disclose such Work Product to the Board and perform all actions reasonably requested by the Board (whether during or after the Term of Employment) to establish and confirm such ownership.

9. Noncompete, Non-Solicitation.  
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(a) Executive acknowledges that in the course of his employment with the Company he will become familiar with the trade secrets and other confidential information of the Company and the Subsidiaries of the Company and that his services will be of special, unique and extraordinary value to the Company. Therefore, Executive agrees that, during the Term of Employment and for an additional period (the "Noncompete Period") equal to (i) in the event that Executive's employment is terminated pursuant to Section 6.1 hereof, for a period of six (6) months thereafter or (ii) in the event that Executive's employment terminated pursuant to Section 6.3 hereof, for a period of one (1) year thereafter, he shall not directly or indirectly own, manage, control, participate in, consult with, or render services for any "Competing Business" (as defined below) in any "Competing Market" (as defined below). For purposes of this section, a "Competing Business" is one in which the predominant activities of the business are classified under the same principal Standard Industrial Classification category (using the categories as in effect on April 1, 1999) as any of the "Material Lines" (as defined below) of the Company and the Company Affiliates. A division or subsidiary of a diversified business will be treated as a Competing Business only if (i) the diversified business falls within the preceding sentence and (ii) either (I) Executive directly provides services to that division or subsidiary as his primary employment within the diversified business or (II) that division or subsidiary would be a Material Line on a consolidated basis as defined below for the potentially competing diversified business. A "Competing Market" is a geographic market (as defined by The Arbitron Company) in which the Company or any Company Affiliate has, on or before the Date of Termination, with respect to one or more Material Lines, (i) commenced material operations or (ii) determined before such date to commence such material operations and committed substantial resources to either determining the feasibility of such commencement or actually commencing such operations. A geographic market in which the Company or any Company Affiliate operates a Material Line will only be treated as a Competing Market for the Material Line in that market, and not for other Material Lines or other operations of the Company and its Company Affiliates. A "Material Line" is a division, subsidiary, or business line from which

the Company and its Company Affiliates derived at least 25% of audited consolidated gross revenues for the Company's fiscal year ended before the Date of Termination. The Company agrees that entities primarily engaged in conducting business or providing services or goods through the Internet (whether wireline or wireless) including the Internet transmission of music, are expressly excluded from the intended scope of this provision and thus not Competing Businesses. Nothing herein shall prohibit Executive from being a passive owner of not more than 4.9% of the outstanding stock of any class of a corporation which is publicly traded, so long as Executive has no active participation in the business of such corporation.

(b) During the Noncompete Period, Executive shall not directly or indirectly through another Person (i) induce or attempt to induce any employee of the Company or any Subsidiary of the Company to leave the employ of such Person, (ii) hire any individual who was an executive of the Company or its Subsidiaries, a station or regional manager of the Company or its Subsidiaries or a radio personality employed by the Company or its Subsidiaries at any time during the Term of Employment (other than individuals who have not been employed by the Company or a Subsidiary of the Company for a period of at least six months prior to employment by Executive directly or indirectly through another Person), or (iii) induce or attempt to induce any customer, supplier, licensee or other Person having a business relationship with the Company or any Subsidiary of the Company to cease doing business with the Company or such Subsidiary of the Company, or interfere materially with the relationship between any such customer, supplier, licensee or other Person having a business relationship with the Company or any Subsidiary of the Company.

(c) If, at the time of enforcement of this Section 9, a court shall hold that the duration, scope or area restrictions stated herein are unreasonable under circumstances then existing, the parties agree that the maximum duration, scope or area reasonable under such circumstances shall be substituted for the stated duration, scope or area and that the court shall be allowed to revise the restrictions contained herein to cover the maximum period, scope and area permitted by law.

10. Non-Exclusivity of Rights. Nothing in this Agreement shall limit or

otherwise prejudice such rights as Executive may have under any future agreements with the Company.

11. Resolution of Disputes. Any disputes arising under or in connection

with this Agreement shall be resolved by arbitration, to be held in Baltimore, Maryland, in accordance with the Commercial Arbitration Rules and procedures of the American Arbitration Association. Such arbitration shall be before a single arbitrator who shall be a retired federal or Maryland State judge acceptable to the Company and Executive. In the event that Executive and the Company cannot agree upon an arbitrator within thirty (30) days of a notice demanding such agreement from one to the other, the arbitrator shall be chosen by the American Arbitration Association in accordance with its Commercial Arbitration Rules. The decision of the arbitrator shall be final, conclusive and binding upon the Company and Executive. All costs, fees and expenses, including attorney fees, of any arbitration in connection with this Agreement, which results in any final decision of the arbitrator requiring the Company to make a payment to Executive beyond what was offered to

Executive by the Company, shall be borne by, and be the obligation of, the Company. In no event shall Executive be required to reimburse the Company for any of the costs and expenses incurred by the Company relating to any arbitration. If Executive has had an opportunity to be heard by the Board and the Board has made a good faith determination to terminate Executive hereunder, the Company may suspend payments to Executive of his Annual Base Salary; provided that in the event that an arbitrator finds in favor of Executive, the Company shall pay such suspended Annual Base Salary payments to Executive, together with interest thereon at the greater of 8% or prime plus 3% per annum from the date such payments were due to the date actually paid. The obligation of the Company and Executive under this Section 11 shall survive the termination for any reason of the Term of Employment (whether such termination is by the Company, by Executive, or upon the expiration of the Term of Employment).

12. Successors.  
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12.1 Executive. This Agreement is personal to Executive and, without  
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the prior express written consent of the Company, shall not be assignable by Executive, except that Executive's rights to receive any compensation or benefits under this Agreement may be transferred or assigned pursuant to testamentary disposition, intestate succession or pursuant to a qualified domestic relations order. This Agreement shall inure to the benefit of and be enforceable by Executive's heirs, beneficiaries and/or legal representatives.

12.2 The Company. This Agreement shall inure to the benefit of and be  
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binding upon the Company and its successors and assigns, provided that the Company may only transfer or assign this Agreement with the Executive's prior written consent.

13. Miscellaneous.  
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13.1 Applicable Law. The corporate law of the State of Delaware will  
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govern all questions concerning the relative rights of the Company and its stockholders. All other questions concerning the construction, validity and interpretation of this Agreement shall be governed by and construed in accordance with the internal laws of the State of Maryland.

13.2 Amendments/Waiver. This Agreement may not be amended or modified  
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other than by a written agreement executed by the parties hereto or their respective successors and legal representatives. No waiver by any party to this Agreement of any breach of any term, provision or condition of this Agreement by the other party shall be deemed a waiver of a similar or dissimilar term, provision or condition at the same time, or any prior or subsequent time.

13.3 Notices. All notices, waivers and other communications hereunder  
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shall be in writing and shall be given by hand-delivery to the other party, by facsimile (with appropriate confirmation of transmission), by reputable overnight courier, or by registered or certified mail, return receipt requested, postage prepaid, and shall be deemed delivered when actually delivered by

hand, upon receipt of confirmation of facsimile transmission, three days after mailing, or one day after dispatch by overnight courier, addressed as follows:

If to Executive:

Mr. Scott R. Royster  
1519 Kingman Place, N.W.  
Washington, D.C. 20005

If to the Company:

Radio One, Inc.  
5900 Princess Garden Parkway, 7/th/ Floor  
Lanham, MD 20706  
Attention: Alfred C. Liggins, III  
Facsimile: 301-306-9694

or to such other address as either party shall have furnished to the other in writing in accordance herewith.

13.4 Withholding. Notwithstanding anything else to the contrary

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herein, the Company may withhold from any amounts payable under this Agreement such taxes as shall be required to be withheld pursuant to any applicable law or regulation. Where amounts are payable to Executive pursuant to this Agreement both in cash and in a form other than cash, the Company may, at its option and upon prior notice to Executive, withhold from such cash payments, or withhold from such payments in a form other than cash, or withhold from both.

13.5 Severability. If any provision of this Agreement is held to be

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illegal, invalid or unenforceable under any present or future law, and if the rights or obligations of any party hereto under this Agreement will not be materially and adversely affected thereby: (a) such provision will be fully severable; (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof; (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom; and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as shall be agreed upon by the Company and Executive.

13.6 Captions. The captions of this Agreement are not part of

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the provisions hereof and shall have no force or effect.

13.7 Entire Agreement. This Agreement contains the entire agreement

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between the parties concerning the subject matter hereof and supersedes all prior agreements, understandings,



discussions, negotiations and undertakings, whether written or oral, between the parties with respect thereto.

13.8 Counterparts. This Agreement may be executed in separate  
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counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

13.9 Representation. Executive represents and warrants that the  
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performance of Executive's duties and obligations under this Agreement will not violate any agreement between Executive and any other Person.

13.10 Survivorship. The respective rights and obligations of the  
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parties under this Agreement shall survive any termination of this Agreement or Executive's employment hereunder for any reason to the extent necessary to the intended preservation of such rights and obligations.

[END OF PAGE]  
[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Executive has hereunto set his hand, and the Company has caused this Agreement to be executed in its name and on its behalf by its authorized representative, all as of the day and year first above written.

RADIO ONE, INC.,  
a Delaware corporation

By: /s/ Alfred C. Liggins, III

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Name: Alfred C. Liggins, III  
Title: Chief Executive Officer and President

EXECUTIVE:

/s/ Scott R. Royster

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Name: Scott R. Royster

Consent of the Independent Public Accountants

As independent public accountants, we hereby consent to the use of our reports and to all references to our Firm included in or made a part of this registration statement.

/s/ Arthur Andersen L.L.P.

October 25, 1999

Consent of Independent Accountants

We consent to the inclusion in this registration statement on Form S-1 of our report dated March 25, 1998 on our audit of the financial statements of ALLUR-DETROIT, INC. We also consent to the reference to our firm under the caption "Experts".

By: /s/ Mitchell & Titus, L.L.P.

Mitchell & Titus, L.L.P.  
Washington, DC  
October 25, 1999



The schedule contains summary financial information extracted from the consolidated financial statements of the Company for the three years in the period ended December 31, 1998, and for the six months ended June 30, 1998 and 1999, and is qualified in its entirety by reference to such financial statements.

YEAR		YEAR		YEAR		6-MOS		6-MOS	
DEC-31-1996		DEC-31-1997		DEC-31-1998		JUN-30-1998		JUN-30-1999	
JAN-01-1996	DEC-31-1996	JAN-01-1997	DEC-31-1997	JAN-01-1998	DEC-31-1998	JAN-01-1998	JUN-30-1998	JAN-01-1999	JUN-30-1999
0	0	8,500,000	0	4,455,000	0	0	0	5,018,000	0
0	0	9,626,000	0	13,269,000	0	0	0	18,856,000	0
0	0	(904,000)	0	(1,243,000)	0	0	0	(1,977,000)	0
0	0	17,537,000	0	17,641,000	0	0	0	23,489,000	0
0	0	7,819,000	0	11,306,000	0	0	0	20,943,000	0
0	0	(3,387,000)	0	(4,589,000)	0	0	0	(5,594,000)	0
0	0	79,225,000	0	153,856,000	0	0	0	243,776,000	0
0	0	3,287,000	5,041,000	0	0	0	0	9,405,000	0
0	0	74,954,000	0	131,739,000	0	0	0	96,498,000	0
0	0	22,968,000	0	26,684,000	0	0	0	0	0
0	0	0	0	5,000	0	0	0	18,000	0
0	0	(21,984,000)	0	(24,864,000)	0	0	0	122,912,000	0
0	79,225,000	153,856,000	0	243,776,000	0	243,776,000	0	0	0
27,027,000	27,027,000	36,955,000	52,696,000	52,696,000	22,328,000	22,328,000	37,473,000	37,473,000	37,473,000
(3,325,000)	(3,325,000)	(4,588,000)	(6,587,000)	(6,587,000)	(2,800,000)	(2,800,000)	(4,619,000)	(4,619,000)	(4,619,000)
19,982,000	26,831,000	35,746,000	11,455,000	35,746,000	15,461,000	15,461,000	28,711,000	28,711,000	28,711,000
1,105,000	894,000	1,942,000	(734,000)	1,942,000	728,000	728,000	1,183,000	1,183,000	1,183,000
7,252,000	8,910,000	11,455,000	(1,575,000)	11,455,000	4,925,000	4,925,000	7,489,000	7,489,000	7,489,000
(3,609,000)	(2,959,000)	(734,000)	841,000	(734,000)	(572,000)	(572,000)	(3,205,000)	(3,205,000)	(3,205,000)
(3,609,000)	(2,959,000)	841,000	841,000	841,000	(572,000)	(572,000)	476,000	476,000	476,000
0	0	0	0	0	0	0	0	0	0
0	0	(1,985,000)	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
(3,609,000)	(4,944,000)	841,000	841,000	841,000	(572,000)	(572,000)	(3,681,000)	(3,681,000)	(3,681,000)
(0.38)	(0.53)	(0.31)	(0.31)	(0.31)	(0.25)	(0.25)	(0.40)	(0.40)	(0.40)
(0.38)	(0.74)	(0.31)	(0.31)	(0.31)	(0.25)	(0.25)	(0.40)	(0.40)	(0.40)