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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 1998
Commission File No. 333-30795

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 (NO FEE REQUIRED) FOR THE TRANSITION PERIOD FROM
TO

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.)

5900 PRINCESS GARDEN PARKWAY,
8TH FLOOR
LANHAM, MARYLAND 20706
(Address of principal executive offices)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K .

One share of voting stock was held by a non-affiliate of the registrant as of December 31, 1998.

The number of shares outstanding of each of the issuer's classes of common stock, as of December 31, 1998 is as follows:

| Class | Outstanding at December 31, 1998 |
|---------------------------------------|----------------------------------|
| ----- | ----- |
| Class A Common Stock, \$.01 par value | 138.45 |
| Class B Common Stock, \$.01 par value | 0 |

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RADIO ONE, INC. AND SUBSIDIARIES

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PART I

ITEM 1. BUSINESS

Unless otherwise noted, the terms "Radio One," "we," "our" and "us" refer to Radio One, Inc. and our subsidiaries, Radio One Licenses, Inc., WYCB Acquisition Corporation, Broadcast Holdings, Inc., Bell Broadcasting Company, Radio One of Detroit, Inc., Allur-Detroit, Inc., Allur Licenses, Inc., Radio One of Atlanta, Inc., ROA Licenses, Inc., Dogwood Communications, Inc. and Dogwood Licenses, Inc., from the time of their respective acquisitions.

Radio One was founded in 1980 and is the largest radio broadcasting company in the United States primarily targeting African-Americans. Including our recent acquisition of two stations in Atlanta and after we complete our pending acquisitions, we will own and operate 25 radio stations. Twenty-four of these stations (seventeen FM and seven AM) are in eight of the top 20 African-American radio markets: Washington, D.C., Baltimore, Atlanta, Philadelphia, Detroit, St. Louis, Cleveland and Richmond. 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.

We have succeeded in increasing ratings, net broadcast revenue and broadcast cash flow of all of the FM stations we have owned or managed for at least one year. The radio station clusters that we owned as of December 31, 1998, were ranked first or second in all of their markets in combined audience and net broadcast revenue share among radio stations targeting African-Americans. Our net broadcast revenue and broadcast cash flow have grown significantly on both a total and same station basis.

Radio One is led by our Chairperson and co-founder, Ms. Catherine L. Hughes, and her son, Mr. 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 Detroit, St. Louis, Cleveland and Richmond, and to other radio stations in existing and new markets as attractive acquisition opportunities arise.

On March 12, 1999, we filed a registration statement on Form S-1 in connection with our offering (the "Common Stock Offering") of Class A Common Stock. On March 19, 1999, we filed a registration statement on Form S-1 in connection with our offering (the "Preferred Stock Offering") of Senior Cumulative Exchangeable Preferred Stock (the "New Preferred Stock"). See Item 7 - -- "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The following table sets forth certain information with respect to Radio One and its markets as of December 31, 1998:

RADIO ONE AND OUR MARKETS

| MARKET | RADIO ONE DATA / (1) / | | | | | | MARKET DATA / (2) / | | | |
|---------------------|------------------------|------|-------------------------|--------------|----------------|---------------|---|-----------------------------|---------------------|--------------------|
| | NUMBER OF STATIONS | | AFRICAN-AMERICAN MARKET | | ENTIRE MARKET | | 1996 MSA POPULATION | | | |
| | FM | AM | AUDIENCE SHARE RANK | REVENUE RANK | AUDIENCE SHARE | REVENUE SHARE | RANKING BY | | TOTAL (IN MILLIONS) | AFRICAN-AMERICAN % |
| | | | | | | | 1998 ANNUAL RADIO REVENUE (\$ MILLIONS) | AFRICAN-AMERICAN POPULATION | | |
| Washington, D.C.... | 2 | 2 | 1 | 1 | 12.0 | 9.5% | \$257.0 | 3 | 4.2 | 27.2% |
| Detroit..... | 2 | 2(3) | 2 | 2 | 4.7 | 3.6 | 211.5 | 5 | 4.5 | 22.5 |
| Philadelphia..... | 1 | - | 2 | 2 | 3.3 | 2.2 | 249.1 | 6 | 4.9 | 19.9 |
| Baltimore..... | 2 | 2 | 1 | 1 | 17.0 | 19.1 | 100.2 | 11 | 2.5 | 26.0 |

- (1) Audience Share Rank and Audience Share data are from the Fall 1998 Arbitron Survey. Revenue Rank and Revenue Share data are from Hungerford or Miller Kaplan, adjusted to include WYCB-AM, which does not report to Hungerford or Miller Kaplan.
- (2) Annual Radio Revenue data are from Hungerford or Miller Kaplan. Population data are from BIA (Fourth Edition 1998).
- (3) Includes WJZZ-AM, which is located in Kingsley, Michigan.

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 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 more than 20.0% increase from 1995, compared to an expected increase of 13.0% for the population as a whole). (Source: 1996 U.S. Census Bureau Current Population Report)
- . HIGHER INCOME GROWTH. According to the U.S. Census Bureau, from 1980 to 1995, the rate of increase in median household income in 1995 adjusted dollars for African-Americans was approximately 12.3% compared to 3.9% 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.

- . URBANIZATION OF AMERICAN CULTURE AND SOCIETY. 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 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 URBAN FORMATS. 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 1998, 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 Urban Radio Study)
- . CONCENTRATED PRESENCE IN URBAN MARKETS. In 1996, approximately 58.0% of the African-American population was located in the top 30 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 allowed by the FCC (up to eight radio stations in the largest markets with no more than five being FM or AM). (Source: BIA, Fourth Edition 1998)
- . STRONG AUDIENCE LISTENERSHIP AND LOYALTY. In 1996, African-Americans listened to radio broadcasts an average of 27.2 hours per week compared to 22.9 hours per week for non-African-Americans among all persons in the ten largest markets. In addition, Radio One believes 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. (Source: INTEREP Research Division, 1998 Urban Radio Study)

ACQUISITION STRATEGY

Our acquisition strategy is to acquire and turn around underperforming radio stations principally in the top 30 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 Radio One already maintains 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

We typically enter 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 13 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. In the Fall 1998 Arbitron Survey, the station was ranked number one in the 18-34 age demographic (with a 10.2 share) and number two in the 12-plus age demographic (with a 5.4 share), behind two stations tied for number one (each with a 5.6 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. In the Fall 1998 Arbitron Survey, the station was ranked number three in the 25-54 age demographic (with a 5.8 share) and number five in the 12-plus age demographic (with a 5.0 share).

- BALTIMORE. In 1993, we acquired WERQ-FM and WOLB-AM (formerly WERQ-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 in the Fall 1998 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 in the Fall 1998 Arbitron Survey the station was ranked number two in that age demographic (with a 7.5 share) behind two stations tied for number one (each with a 7.7 share), including Radio One's WERQ-FM.

- PHILADELPHIA. In 1997, we acquired WPHI-FM (formerly WDRE-FM) for approximately \$20.0 million. At the time WDRE-FM was being programmed in a Modern Rock format and had a 2.0 share in the 12-plus age demographic. We changed the station's format to Young Urban Contemporary and, in the Fall 1998 Arbitron Survey, the station was ranked number 14 in the 12-plus age demographic (with a 3.3 share) and number five in the 18-34 age demographic (with a 6.0 share).

TOP 30 AFRICAN-AMERICAN RADIO MARKETS IN THE UNITED STATES/(1)/

Boxes enclose the tabular information for Washington, D.C., Detroit, Philadelphia, Atlanta, Baltimore, St. Louis, Cleveland and Richmond.

| RANK | MARKET | AFRICAN-AMERICAN | AFRICAN-AMERICANS |
|------|------------------|-------------------------------|--|
| | | POPULATION IN THE MARKET/(2)/ | AS A PERCENTAGE OF THE OVERALL POPULATION IN THE MARKET/(2)/ |
| | | (IN THOUSANDS) | |
| 1. | New York | 3,731 | 22.2% |
| 2. | Chicago | 1,648 | 19.4 |
| 3. | WASHINGTON, D.C. | 1,150 | 27.2 |
| 4. | Los Angeles | 1,134 | 9.4 |
| 5. | DETROIT | 1,004 | 22.5 |
| 6. | PHILADELPHIA | 947 | 19.9 |
| 7. | ATLANTA | 921 | 25.7 |

| | | | |
|-------|-------------------------------------|-----|------|
| 8. | Houston/Galveston | 782 | 18.3 |
| 9. | Miami/Ft. Lauderdale/ Hollywood | 718 | 20.2 |
| 10. | Dallas/Ft. Worth | 645 | 14.2 |
| ----- | | | |
| 11. | BALTIMORE | 644 | 26.0 |
| ----- | | | |
| 12. | San Francisco | 599 | 9.2 |
| 13. | Memphis | 482 | 41.5 |
| 14. | New Orleans | 460 | 36.3 |
| 15. | Norfolk/Virginia Beach/Newport News | 444 | 29.6 |
| ----- | | | |
| 16. | ST. LOUIS | 439 | 17.2 |
| 17. | CLEVELAND | 398 | 18.7 |
| ----- | | | |
| 18. | Boston | 281 | 7.3 |
| ----- | | | |
| 19. | RICHMOND | 281 | 30.0 |
| ----- | | | |
| 20. | Charlotte/Gastonia/Rock Hill | 266 | 19.9 |
| 21. | Birmingham | 261 | 27.0 |
| 22. | Raleigh/Durham | 244 | 23.5 |
| 23. | Milwaukee/Racine | 237 | 14.4 |
| 24. | Greensboro/Winston-Salem/High Point | 226 | 19.7 |
| 25. | Cincinnati | 220 | 11.4 |
| 26. | Kansas City | 215 | 12.8 |
| 27. | Tampa/St. Petersburg/Clearwater | 202 | 9.0 |
| 28. | Jacksonville | 201 | 19.0 |
| 29. | Indianapolis | 193 | 14.1 |
| 30. | Pittsburgh | 188 | 7.9 |

- (1) BOXES AND BOLD TEXT INDICATE MARKETS WHERE RADIO ONE CURRENTLY OWNS OR WILL OWN AND OPERATE RADIO STATIONS UPON CONSUMMATION OF THE ACQUISITIONS DESCRIBED BELOW UNDER "STATION OPERATIONS - ATLANTA, GEORGIA, - ST. LOUIS, MISSOURI, - CLEVELAND, OHIO AND - RICHMOND, VIRGINIA."
- (2) POPULATION ESTIMATES ARE FOR 1996 AND ARE BASED UPON BIA INVESTING IN RADIO MARKET REPORT ("BIA 1998 FOURTH EDITION").

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;

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- . 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.

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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 fund raisers to benefit the search for their cure;
- . developing contests specifically designed to assist African-American single mothers with day care expenses;
- . fund-raising 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.

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MANAGEMENT STOCK OPTION PLAN

On March 10, 1999, we adopted the 1999 Stock Option and Restricted Stock Grant Plan (the "Option 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.

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STATION OPERATIONS

The following is a general description of each of our markets and our radio stations in each market. As noted, some of the data provided in the tables below includes information during periods the radio stations listed were not owned or operated by Radio One.

WASHINGTON, D.C.

The Washington, D.C. market is estimated to be the eighth largest radio market in terms of MSA population. In 1998, this market had advertising revenue estimated to be \$252.8 million, making it the sixth largest radio market in terms of advertising revenue. In 1996, Washington, D.C. had the third largest African-American population in the United States with an MSA population of approximately 4.2 million (approximately 27.2% of which was African-American). We believe that we own the strongest franchise (in terms of audience share and number of radio stations) of African-American targeted radio stations in the Washington, D.C. market, with two of the four FM radio stations and two of the three AM radio stations that target African-Americans. Washington, D.C. experienced annual radio revenue growth of 5.4% between 1991 and 1996, and radio

revenue in Washington, D.C. is expected to continue growing at an annual pace of 7.4% between 1997 and 2001. (Source: BIA 1998 Fourth Edition)

| | 1995/(4)/ | 1996/(4)/ | 1997/(4)/ | 1998/(4)/ | FALL 1998/(5)/ |
|--------------------------------------|-----------|-----------|-----------|-----------|----------------|
| | ----- | ----- | ----- | ----- | ----- |
| WKYS-FM(1) | | | | | |
| Audience share (12-plus)..... | 3.8 | 4.5 | 5.8 | 5.2 | 5.4 |
| Audience share rank (12-plus)... | 9t | 6t | 2 | 3 | 2 |
| Audience share (18-34)..... | 5.8 | 7.5 | 10.4 | 10.1 | 10.2 |
| Audience share rank (18-34)..... | 6 | 2 | 1 | 1 | 1 |
| Revenue share..... | 3.8% | 3.3% | 4.5% | 5.0% | n/a |
| Revenue rank..... | 14 | 14 | 10 | 9 | n/a |
| WMMJ-FM(2) | | | | | |
| Audience share (12-plus)..... | 3.7 | 4.5 | 4.1 | 4.3 | 5.0 |
| Audience share rank (12-plus)... | 11t | 6t | 9 | 8 | 5 |
| Audience share (25-54)..... | 4.6 | 5.4 | 4.9 | 5.1 | 5.8 |
| Audience share rank (25-54)..... | 8 | 3t | 7 | 4 | 3 |
| Revenue share..... | 3.7% | 3.4% | 2.9% | 3.2% | n/a |
| Revenue rank..... | 15 | 13 | 17 | 18 | n/a |
| WOL-AM | | | | | |
| Audience share (12-plus)..... | 1.7 | 1.0 | 1.1 | 0.8 | 0.7 |
| Audience share rank (12-plus)... | 19 | 23t | 20 | 25 | 25t |
| Audience share (35-64)..... | 2.3 | 1.1 | 1.4 | 1.1 | 1.0 |
| Audience share rank (35-64)..... | 14t | 23 | 19 | 22 | 21t |
| Revenue share..... | 2.0% | 1.8% | 1.6% | 0.8% | n/a |
| Revenue rank..... | 18 | 18 | 19 | 21 | n/a |
| WMMJ-FM AND WOL-AM (COMBINED) | | | | | |
| Audience share (12-plus)..... | 5.4 | 5.5 | 5.2 | 5.1 | 5.7 |
| Audience share (25-54)..... | 6.4 | 6.2 | 5.9 | 5.9 | 6.5 |
| Revenue share..... | 5.6% | 5.3% | 4.5% | 4.0% | n/a |
| Revenue rank..... | 7 | 8 | 12 | 11 | n/a |
| WYCB-AM(3) | | | | | |
| Audience share (12-plus)..... | 1.6 | 1.3 | 1.2 | 1.0 | 0.9 |
| Audience share rank (12-plus)... | 20 | 20 | 19 | 22 | 22t |
| Audience share (35-64)..... | 1.7 | 1.5 | 1.4 | 1.1 | 1.0 |
| Audience share rank (35-64)..... | 19 | 18 | 20 | 19 | 21t |
| Revenue share..... | n/a | n/a | n/a | 0.5% | n/a |
| Revenue rank..... | n/a | n/a | n/a | n/a | n/a |

As used in this table, "n/a" means not available or not applicable and "t" means tied with one or more other radio stations.

- (1) WKYS-FM was acquired by Radio One on June 6, 1995.
- (2) WOL-AM and WMMJ-FM advertising time is sold in combination.
- (3) Radio One acquired WYCB-AM in the first quarter of 1998 through an Unrestricted Subsidiary.

- (4) Audience share and audience share rank data are based on Arbitron Survey four book averages for the years indicated ending with the Fall Arbitron Survey. Revenue share and rank data are based upon the Radio Revenue Report of Hungerford for 1998, 1997, 1996, and 1995 (if applicable) except for WYCB-AM which does not report to Hungerford. Revenue share for WYCB-AM represents the radio station's net broadcast revenue as a percentage of the market radio revenue reported by the Hungerford Report (December 1998), as adjusted for WYCB-AM's net broadcast revenue.
- (5) Fall 1998 Arbitron Survey.

WOL-AM. In 1980, we acquired our first radio station, WOL-AM, for approximately \$900,000. WOL-AM was a music station with declining revenue and audience shares that Radio One converted to one of the country's first all-talk radio stations targeting African-Americans. Radio One's Chairperson, Ms. Catherine L. Hughes, who hosted WOL-AM's daily four-hour morning show from 1983 to 1995, created a valuable niche for the radio station as "The Voice of Washington's Black Community." We believe that WOL-AM is a vital communications platform for the African-American community and political and business leaders in its market. WOL-AM's ratings have historically fluctuated between a 1.0 and 2.0 share in the 12-plus age demographic market.

WMMJ-FM. In 1987, Radio One purchased 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 ("Urban AC") programming format. This format focuses on African-Americans in the 25-54 age demographic and provides adult-oriented Urban Contemporary music from the 1960s through the 1990s. The Urban AC format was almost immediately successful, and in the Fall 1998 Arbitron Survey, the station was ranked number three in the 25-54 age demographic (with a 5.8 share) and number five in the 12-plus age demographic (with a 5.0 share).

WKYS-FM. In June 1995, Radio One purchased WKYS-FM for approximately \$34.0 million. WKYS-FM is a Young Urban Contemporary radio station targeting African-Americans in the 18-34 age demographic. From 1978 to 1989, WKYS-FM was Washington, D.C.'s perennial Urban Contemporary leader and was frequently the market's number one radio station overall. However, in 1987, WPGC-FM (now owned by Infinity Broadcasting ("Infinity")) changed its format from Adult Contemporary to Contemporary Hit/Urban ("CHR") and in Spring 1989, replaced WKYS-FM as the number one urban radio station in terms of audience share. From 1986 to Fall 1994, WKYS-FM's overall ratings rank fell from number one to number 12 with a 3.3 share of the 12-plus age demographic, while WPGC-FM moved from near the bottom to number one with a 9.0 share of the 12-plus age demographic. By 1995, the former owner of WKYS-FM abandoned the 18-34 age demographic and began to target the 25-54 age demographic, making it a direct competitor to Radio One's WMMJ-FM instead of Infinity's WPGC-FM. When Radio One purchased WKYS-FM in June 1995, we repositioned WKYS-FM's programming away from WMMJ-FM and back toward the 18-34 age demographic. Since June 1995, we have been able to increase dramatically WKYS-FM's overall 12-plus age demographic share and in 1997 WKYS-FM became Washington, D.C.'s number one rated radio station for the 12-plus and 18-34 age demographics. During this same period, WPGC-FM fell to the number two position in the 12-plus and 18-34 age demographics. Recently, WKYS-FM's position has fluctuated between the number one and number three rated station in the 12-plus age demographic while maintaining its number one position in the 18-34 age demographic.

WYCB-AM. On March 16, 1998, Radio One acquired, through an Unrestricted Subsidiary, Broadcast Holdings, Inc. ("BHI"), the owner of WYCB-AM, a gospel station, for approximately \$3.8 million. Following the acquisition, we integrated the operations of WYCB-AM, a gospel station, into our existing radio station operations in the Washington, D.C. market.

BALTIMORE, MARYLAND

The Baltimore market is estimated to be the 20th largest radio market in terms of MSA population and advertising revenue. In 1998, this market had advertising revenue estimated to be \$105.8 million. In 1996, Baltimore had the 11th largest African-American population in the United States with an MSA population of approximately 2.5 million (approximately 26.0% of which was African-American). We believe we own the strongest franchise of African-American targeted radio stations in the Baltimore market with the only two FM radio stations and two of the four AM radio stations that target African-Americans. Baltimore experienced annual radio revenue growth of 8.6% between 1991 and 1996 and radio revenue in Baltimore is expected to continue growing at an annual pace of 6.2% between 1997 and 2001. (Source: BIA 1998 Fourth Edition)

| | 1995/(3)/ | 1996/(3)/ | 1997/(3)/ | 1998/(3)/ | FALL 1998/(4)/ |
|----------------------------------|-----------|-----------|-----------|-----------|----------------|
| WERQ-FM/(1)/ | | | | | |
| Audience share (12-plus)..... | 5.2 | 6.4 | 9.3 | 9.4 | 9.6 |
| Audience share rank (12-plus)... | 7 | 4 | 1 | 1 | 1 |
| Audience share (18-34)..... | 8.6 | 10.7 | 16 | 16.6 | 16.5 |
| Audience share rank (18-34)..... | 2 | 2 | 1 | 1 | 1 |
| WOLB-AM | | | | | |
| Audience share (12-plus)..... | 0.9 | 0.6 | 0.9 | 0.9 | 0.8 |
| Audience share rank (12-plus)... | 23t | 28t | 15t | 18 | 24t |
| Audience share (35-64)..... | 1.1 | 0.9 | 1.2 | 1.1 | 0.7 |
| Audience share rank (35-64)..... | 19t | 23 | 15 | 16t | 26t |
| WERQ-FM AND WOLB-AM (COMBINED) | | | | | |
| Audience share (12-plus)..... | 6.1 | 7 | 10.2 | 10.3 | 10.4 |
| Audience share (25-54)..... | 4.9 | 5.7 | 9.1 | 8.7 | 8.4 |
| Revenue share..... | 6.7% | 6.7% | 10.7% | 13.1% | n/a |

| | | | | | |
|-------------------------------------|------|------|------|------|-----|
| Revenue rank..... | 8 | 8 | 4 | 2 | n/a |
| WWIN-FM/ (2) / | | | | | |
| Audience share (12-plus)..... | 4.0 | 3.6 | 3.6 | 5.0 | 5.5 |
| Audience share rank (12-..... plus) | 10 | 10 | 9 | 7 | 6 |
| Audience share (25-54)..... | 5.5 | 4.9 | 4.9 | 6.8 | 7.5 |
| Audience share rank (25-54)..... | 5 | 7t | 7 | 4 | 3 |
| WWIN-AM | | | | | |
| Audience share (12-plus)..... | 1.1 | 1.1 | 0.8 | 1.1 | 1.1 |
| Audience share rank (12-plus)... | 18t | 20t | 17 | 17 | 19t |
| Audience share (35-64)..... | 1.1 | 1.4 | 1.1 | 1.1 | 0.8 |
| Audience share rank (35-64)..... | 19t | 18 | 16t | 16t | 25 |
| WWIN-FM AND WWIN-AM (COMBINED) | | | | | |
| Audience share (12-plus)..... | 5.1 | 4.7 | 4.4 | 6.1 | 6.6 |
| Audience share (25-54)..... | 6.6 | 6.0 | 5.8 | 7.6 | 8.2 |
| Revenue share..... | 5.7% | 5.8% | 5.5% | 6.0% | n/a |
| Revenue rank..... | 10 | 10 | 9 | 8 | n/a |

As used in this table, "n/a" means not available or not applicable and "t" means tied with one or more other radio stations.

- (1) Based upon the Hungerford Report (1998). WERQ-FM and WOLB-AM jointly report revenue data to Hungerford.
- (2) Based upon the Hungerford Report (1998). WWIN-FM and WWIN-AM jointly report revenue data to Hungerford.
- (3) Audience share and audience share rank data are based on Arbitron Survey four book averages book for the years indicated ending with the Fall Arbitron Survey. Revenue share and rank data are based on the Radio Revenue Report by Hungerford for 1998, 1997, 1996 and 1995, as applicable.

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- (4) Fall 1998 Arbitron Survey.

WWIN-FM and WWIN-AM. In January 1992, we made our first acquisition outside the Washington, D.C. market with the purchase of 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, with less than one-third of that radio station's market share. Today, WWIN-FM is a leading urban radio station in the 25-54 age demographic in the Baltimore market (ranked number two in the Fall 1998 Arbitron Survey with a 7.5 share), and WWIN-AM continues to occupy an attractive niche on the AM frequency with its Gospel programming format.

WERQ-FM and WOLB-AM. In September 1993, Radio One completed another acquisition in the Baltimore market with the purchase of WERQ-FM and WOLB-AM (formerly WERQ-AM) for approximately \$9.0 million. WERQ-FM was, at the time of its acquisition, a CHR/Urban radio station, while WERQ-AM was a satellite-fed, all-news radio station. We converted the format of WERQ-FM to a more focused Young Urban Contemporary format targeted at the 18-34 age demographic, while WOLB-AM began simulcasting with WOL-AM, Radio One's Black Talk radio station in Washington, D.C. After we aggressively marketed the station, WERQ-FM became Baltimore's dominant station ranked number one in the 12-plus, 18-34 and 25-54 age demographics in the Fall 1998 Arbitron Survey, a position it first achieved in the Spring 1997 Arbitron Survey, while its former primary competitor, WXYV-FM, changed format during 1997 and no longer targets the same listener base as that of WERQ-FM.

PHILADELPHIA, PENNSYLVANIA

The Philadelphia market is estimated to be the fifth largest radio market in terms of MSA population. In 1998, this market had advertising revenue estimated to be \$242.3 million, making it the seventh largest radio market in terms of advertising revenue. In 1996, Philadelphia had the sixth largest African-American population in the United States with an MSA population of approximately 4.9 million (approximately 19.9% of which was African-American). Philadelphia experienced annual radio revenue growth of 9.4% between 1991 and 1996, and radio revenue in Philadelphia is expected to continue growing at an annual pace of 6.5% between 1997 and 2001. (Source: BIA 1998 Fourth Edition)

WPHI-FM

| | | | |
|-----------------------------------|------|------|-----|
| Audience share (12-plus)..... | 3.6 | 3.3 | 3.3 |
| Audience share rank (12-plus).... | 15 | 13t | 14 |
| Audience share (18-34)..... | 6.4 | 6.0 | 6.0 |
| Audience share rank (18-34)..... | 5 | 5 | 5 |
| Revenue share..... | 1.2% | 2.2% | n/a |
| Revenue rank..... | 18 | 16 | n/a |

As used in this table, "n/a" means not available or not applicable and "t" means tied with one or more other radio stations.

(1) Audiences share and audience share rank data are based on Arbitron Survey four book averages ending with the Fall Arbitron Survey for the years indicated. Revenue share and rank data are based on the Radio Revenue Report by Miller Kaplan for December 1998 and 1997, as applicable.

(2) Fall 1998 Arbitron Survey.

WPHI-FM. On February 8, 1997, Radio One entered into an LMA with the owner of WPHI-FM (formerly WDRE-FM), and changed the radio station's programming format from Modern Rock to Young Urban Contemporary targeting the 18-34 age demographic. On May 19, 1997, we acquired WPHI-FM for approximately \$20.0 million, providing us with an opportunity to apply our operating strategy in another top-30 African-American market. Although WPHI-FM is a Class A facility operating at the equivalent of 3 kW, we believe it adequately reaches at least 90% of African-Americans in Philadelphia. In the Fall 1998 Arbitron Survey, WPHI-FM achieved a 3.3 share in the 12-plus age demographic and had solidly positioned itself as the number two Young Urban Contemporary station in the market behind WUSL-FM.

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DETROIT, MICHIGAN

The Detroit market is estimated to be the seventh largest radio market in terms of MSA population. In 1998, this market had advertising revenue estimated to be \$225.1 million, making it the 11th largest radio market in terms of advertising revenue. Detroit is the fifth largest African-American market with an MSA population of approximately 4.5 million in 1996 (approximately 22.5% of which was African-American). Detroit experienced annual radio revenue growth of 8.4% between 1991 and 1996, and radio revenue in Detroit is expected to continue growing at an annual pace of 7.5% between 1997 and 2001 (Source: BIA 1998 Fourth Edition).

| | 1998/(1)/ | FALL 1998/(2)/ |
|-----------------------------------|-----------|----------------|
| WDTJ-FM | | |
| Audience share (12-plus)..... | 3.4 | 3.3 |
| Audience share rank (12-plus).... | 12 | 13 |
| Audience share (18-34)..... | 5.8 | 5.4 |
| Audience share rank (18-34)..... | 4 | 5 |
| Revenue share..... | 2.0 | n/a |
| Revenue rank..... | n/a | n/a |

As used in this table, "n/a" means not available or not applicable.

(1) Audience share and audience share rank data are based on Arbitron Survey four book averages for the year indicated ending with the Fall Arbitron Survey. Revenue share and rank data are based on the Radio Revenue Report by Hungerford for 1998.

(2) Fall 1998 Arbitron Survey.

WDTJ-FM and WCHB-AM. On June 30, 1998, Radio One acquired Bell Broadcasting Company ("Bell Broadcasting"), which owns two radio stations, WDTJ-FM (formerly WCHB-FM) and WCHB-AM, located in the Detroit, Michigan market and one radio station, WJZZ-AM, located in Kingsley, Michigan. Radio One paid approximately

\$34.2 million in cash and the cost of certain improvements to the stations. WDTJ-FM is a Young Urban Contemporary station similar to our WERQ-FM in Baltimore and WKYS-FM in Washington, D.C. WCHB-AM's facilities are currently being upgraded from 25 kW to 50 kW. In the future, we may dispose of the station located in Kingsley, Michigan because that station is not integral to the Bell Broadcasting operation and is located a substantial distance from Detroit.

WWBR-FM. On December 28, 1998, Radio One acquired Allur-Detroit, Inc. ("Allur-Detroit"), for approximately \$26.5 million in cash. Allur-Detroit owns WWBR-FM licensed to Mt. Clemens, Michigan, which is part of the Detroit MSA. Allur-Detroit's stockholders included Syndicated Communications Venture Partners, II, L.P. ("Syncom Venture Partners"), an affiliate of one of Radio One's stockholders, Syncom Capital Corporation ("Syncom"). On January 16, 1999, we changed the format of WWBR-FM to Adult Contemporary. WWBR-FM is the first station owned by Radio One that primarily targets a non-African-American audience.

ATLANTA, GEORGIA

The Atlanta market is estimated to be the 13th largest radio market in terms of MSA population. In 1998, this market had radio advertising revenue estimated to be \$242.2 million, making it the 10th largest radio market in terms of advertising revenue. In 1996, Atlanta had the seventh largest African-American population in the United States with an MSA population of approximately 3.6 million (approximately 25.7% of which was African-American). Due to a rapidly growing local economy, the Atlanta market has one of the country's fastest growth rates in terms of radio revenue. Atlanta experienced annual radio revenue growth of 12.1% between 1991 and 1998, and radio revenue in Atlanta is expected to continue growing at an average annual rate of 8.2% between 1997 and 2001. (Source: BIA 1998 Fourth Edition)

On March 30, 1999, Radio One acquired Radio One of Atlanta, Inc. ("ROA"), an affiliate of Radio One, in exchange for shares of Radio One Common Stock. Radio One also assumed and retired approximately \$16.3 million of indebtedness of ROA and Dogwood Communications, Inc. ("Dogwood"). Prior to the acquisition, ROA owned approximately 33% of Dogwood. On March 30, 1999, Radio One 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 Item 13 - "Certain Relationships and Related Transactions."

| | 1996/(1)/ | 1997/(1)/ | 1998/(1)/ | FALL 1998/(2)/ |
|------------------------------------|-----------|-----------|-----------|----------------|
| | ----- | ----- | ----- | ----- |
| WHTA-FM | | | | |
| Audience share (12-plus)..... | 4.9 | 5.0 | 4.7 | 4.5 |
| Audience share rank (12-plus)..... | 9 | 9 | 9 | 9 |
| Audience share (18-34)..... | 8.0 | 8.0 | 8.6 | 8.3 |
| Audience share rank (18-34)..... | 5 | 4 | 4 | 4 |
| Revenue share..... | 2.2% | 2.9% | 3.5% | n/a |
| Revenue rank..... | 12 | 12 | 12 | n/a |
| WAMJ-FM/(3)/ | | | | |
| Audience share (12-plus)..... | | | 2.2 | 1.8 |
| Audience share rank (12-plus)..... | | | 15 | 17 |
| Audience share (25-54)..... | | | 3.1 | 2.5 |
| Audience share rank (25-54)..... | | | 13 | 14 |
| Revenue share..... | | | 1.1% | n/a |
| Revenue rank..... | | | n/a | n/a |

As used in this table, "n/a" means not available or not applicable.

(1) Audiences share and audience share rank data are based on Arbitron Survey four book averages for the years indicated ending with the Fall Arbitron

Survey. Revenue share and rank data are based on the Radio Revenue Report by Miller Kaplan for 1998, 1997 and 1996, as applicable. Revenue share for WAMJ-FM represents its net broadcast revenue as a percentage of the market radio revenue reported by Miller Kaplan for December 1998, as adjusted for WAMJ-FM's net broadcast revenue.

- (2) Fall 1998 Arbitron Survey.
- (3) WAMJ-FM commenced broadcasting in December 1997.

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WHTA-FM. In 1995, ROA acquired WHTA-FM (formerly WQUL-FM) from Design Media, Inc. for approximately \$4.8 million. WHTA-FM was a 6 kW Class A facility licensed to Griffin, Georgia, a community 40 miles southwest of the Atlanta market. Prior to selling the station, Design Media received a construction permit to upgrade the station to Class C3 and changed its community of license to Fayetteville, Georgia. In conjunction with Radio One's management, Design Media moved the station's transmitter site 20 miles closer to Atlanta. In July 1995, ROA launched a new Young Urban Contemporary music format that has consistently garnered a 4.5 to 5.0 share of the 12-plus age demographic. WHTA-FM remains consistently ranked in the top three stations in its primary target group, the 12-17 age demographic, and in the top five stations among its secondary target group, the 18-34 age demographic, ranking number four in the Fall 1998 Arbitron Survey with an 8.3 share.

WAMJ-FM. In March 1997, ROA entered into an agreement with Dogwood to provide financing for a new 6 kW Class A radio station that had been assigned to Roswell, Georgia, a community approximately twenty miles north of downtown Atlanta. ROA received an approximate 33% ownership stake, along with an option to purchase 100% of the station. ROA also entered into an LMA allowing ROA to operate the station in the Atlanta market. On December 16, 1997, ROA launched an R&B oldies format on WAMJ-FM targeting the 25-54 age demographic. In November 1998, Dogwood received an FCC construction permit to upgrade WAMJ's signal to Class C3. WAMJ-FM began operating at 25 kW in December 1998, greatly improving its penetration of the Atlanta market and giving the station total coverage of the Atlanta metropolitan area.

In Atlanta, Radio One competes directly against Infinity's Urban Contemporary station, WVEE-FM, and against Midwestern Broadcasting's Urban Adult Contemporary station, WALR-FM. However, Radio One owns more FM radio stations targeting African-Americans in Atlanta than any other entity.

ST. LOUIS, MISSOURI

The St. Louis market is estimated to be the 19th largest radio market in terms of MSA population. In 1998, this market had advertising revenue estimated to be \$116.5 million, making it the 18th largest radio market in terms of advertising revenue. St. Louis is the 16th largest African-American market with an MSA population of approximately 2.6 million in 1996 (approximately 17.2% of which was African-American). St. Louis experienced annual radio revenue growth of 8.8% between 1991 and 1996, and radio revenue in St. Louis is expected to continue growing at an annual rate of 6.9% between 1997 and 2001. (Source: BIA 1998 Fourth Edition)

On November 23, 1998, Radio One entered into an agreement to acquire the assets of WFUN-FM, licensed to Bethalto, Illinois for approximately \$13.6 million in cash. We expect to move WFUN-FM to a broadcast tower site closer to downtown St. Louis, reformat the station and upgrade its signal from 6 kW to 25 kW.

The FCC approved of Radio One's acquisition of the assets of WFUN-FM on January 26, 1999. The FCC's action became a final action on March 10, 1999.

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CLEVELAND, OHIO

The Cleveland market is estimated to be the 23rd largest radio market in terms of MSA population and advertising revenue. In 1998, this market had advertising revenue estimated to be \$96.7 million. Cleveland is the 17th largest African-American market with an MSA population of approximately 2.1 million (approximately 18.7% of which was African-American). Cleveland experienced annual radio revenue growth of 7.9% between 1991 and 1996, and radio revenue in

Cleveland is expected to continue growing at an annual pace of 6.9% between 1997 and 2001. (Source: BIA 1998 Fourth Edition)

On March 29, 1999, Radio One entered into an asset purchase agreement with Clear Channel Communications to acquire WENZ-FM and WERE-AM for approximately \$20.0 million in cash.

WENZ-FM is licensed to Cleveland, Ohio, and is currently programming an Alternative Rock format. WENZ-FM garnered 2.4 share in the Fall 1998 Arbitron Survey of the market's 12-plus age demographic.

WERE-AM is licensed to Cleveland, Ohio, and is currently programming a News Talk format. WERE-AM achieved a 0.4 share in the Fall 1998 Arbitron Survey of the market's 12-plus age demographic.

Consummation of the acquisition of radio stations WENZ-FM and WERE-AM is subject to the receipt of prior FCC approval. An application for FCC consent to the acquisition of radio stations WENZ-FM and WERE-AM was filed on February 8, 1999, and we anticipate that initial approval will be granted before May 1, 1999, after the petition to deny period has elapsed, but there can be no assurance that FCC approval for the acquisition will be obtained.

RICHMOND, VIRGINIA

Richmond is estimated to be the 57th largest radio market in terms of MSA population. In 1998, this market had radio advertising revenue estimated to be \$45.8 million, making it the 46th largest radio market in terms of advertising revenue. Richmond is the 19th largest African-American market with an MSA population of approximately 937,000 in 1996 (approximately 30.0% of which was African-American). Richmond experienced annual radio revenue growth of 5.7% between 1991 and 1996, and radio revenue in Richmond is expected to continue growing at an annual rate of 6.5% between 1997 and 2001. (Source: BIA 1998 Fourth Edition)

Radio One believes that Richmond is a particularly attractive market due to its proximity to Radio One headquarters in the Washington, DC area. Due to this proximity, Radio One believes that it can leverage its regional advertiser relationships and its regionally located management and on-air talent in the Richmond market. We have entered into agreements or letters of intent to acquire six FM and one AM radio stations in three separate transactions. Upon completion of these acquisitions, we believe we will be well positioned as a strong provider of urban-oriented programming to Richmond's African-American market. We will also be the second provider of Country programming and will have additional signals available for other format opportunities and underserved demographics in the Richmond market.

On February 10, 1999, Radio One entered into an asset purchase agreement to acquire WDYL-FM, licensed to Chester, Virginia for approximately \$4.6 million in cash. WDYL-FM, currently a Religious format station, is in the Richmond, Virginia market.

On February 26, 1999, Radio One entered into an asset purchase agreement to acquire WKJS-FM, licensed to Crewe, Virginia, and WSOJ-FM, licensed to Petersburg, Virginia, for approximately \$12.0 million in cash, subject to purchase price adjustments. Both stations, currently urban format stations, are in the Richmond, Virginia market.

WKJS-FM, licensed to Crewe, Virginia, is a 100 kW station and generally covers the entire Richmond market. The station changed its format from Oldies to Urban Adult Contemporary in March 1998 and has since experienced a significant ratings increase. WKJS-FM's ratings increased from a 3.1 share in the 12-plus age demographic in the

Winter 1998 Arbitron Survey to an 8.2 share in the 12-plus age demographic in the Fall 1998 Arbitron Survey. In the 25-54 age demographic, WKJS-FM earned a 10.6 share in the Fall 1998 Arbitron Survey, ranking it number one, tied with one other station.

WSOJ-FM, licensed to Petersburg, Virginia, primarily covers Petersburg, located in the southern portion of the Richmond metropolitan area. A Young Urban Contemporary station, WSOJ-FM earned a 3.2 share in the 12-plus age demographic in the Fall 1998 Arbitron Survey. WKJS-FM and WSOJ-FM have been operated and

sold in combination for most of 1998.

On February 24, 1999, Radio One entered into a letter of intent to purchase WCDX-FM, WPLZ-FM, WJRV-FM and WGCV-AM, for \$34.0 million. WCDX-FM, a Young Urban Contemporary station licensed to Mechanicsville, Virginia, covers the entire Richmond metropolitan area. WCDX-FM has averaged a 10.1 share of the 12-plus age demographic for the last 2 years and is currently ranked number two overall in the 12-plus age demographic, tied with another station with an 8.8 share, according to the Fall 1998 Arbitron Survey. WCDX-FM is also ranked number one in the 18-34 age demographic and number four in the 25-54 age demographic.

WCDX-FM's sister station, WPLZ-FM, currently programs an Urban Oldies format and earned a 4.8 share of the 12-plus age demographic in the Fall 1998 Arbitron Survey. WPLZ-FM, licensed to Petersburg, Virginia, primarily covers the southern Richmond metropolitan area. The two stations have historically been sold in combination and have been the market leaders in terms of urban radio revenue share. WJRV-FM, licensed to Richmond, Virginia, recently changed formats from Smooth Jazz to Country, in order to challenge WKHK-FM, the leading country radio station in Richmond. WJRV-FM earned a 1.5 share of the 12-plus age demographic in the Fall 1998 Arbitron Survey after approximately 3 months in the Country format. WGCV-AM is a Religious formatted station, licensed to Petersburg, Virginia, that does not currently have any significant audience or revenue share.

Consummation of the acquisition of these radio stations in Richmond is subject to the receipt of prior FCC approval. An application for FCC consent to the acquisition of WDYL-FM was filed on February 18, 1999, and we anticipate that initial approval of the acquisition will be granted by May 1, 1999, after the petition to deny period has elapsed, but there can be no assurance that FCC approval for the acquisition will be obtained. An application for FCC consent to the acquisitions of WKJS-FM and WSOJ-FM was filed on March 5, 1999, and we anticipate that initial approval of the acquisitions will be granted by June 1, 1999, after the petition to deny period has elapsed, but there can be no assurance that FCC approval of the acquisitions will be obtained. An application for FCC consent to the acquisitions of WJRV-FM, WCDX-FM, WPLZ-FM and WGCV-AM is expected to be filed in August 1999, and we anticipate that initial approval of the acquisitions will be granted in October 1999, after the petition to deny period has elapsed, but there can be no assurance that FCC approval for the acquisitions will be obtained. In addition, the acquisitions of WRJV-FM, WCDX-FM, WPLZ-FM and WGCV-AM will undergo review by the Justice Department pursuant to the requirements of the HSR Act. There can be no assurance that in connection with such review the Justice Department will not require a restructuring of the acquisitions.

ADVERTISING REVENUE

Substantially all of Radio One's 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 67.4% of our net broadcast revenue for the fiscal year ended December 31, 1998, was generated from the sale of local advertising and 30.3% from sales to national advertisers, with the balance of net broadcast revenue being 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 (i) a radio station's audience share within the demographic groups targeted by the advertisers, (ii) the number of radio stations in the market competing for the same demographic groups, and (iii) 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 Radio One to chart audience growth, set advertising rates and adjust programming.

STRATEGIC DIVERSIFICATION

Radio One will continue to evaluate potential radio acquisitions in African-American markets. We are 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 satellite digital audio radio service, which is expected to be available in 2000.

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.

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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: (i) audio programming by cable television systems, direct broadcast satellite systems, Internet content providers and other digital audio broadcast formats; (ii) 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 (iii) 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 announced new 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.

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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 ``short`` (less than the maximum eight-year) renewal terms, 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, 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.

Radio One 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: (i) the radio station has served the public interest, convenience and necessity, (ii) there have been no serious violations by the licensee of the Communications Act or FCC rules and regulations, and (iii) 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

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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, Radio One's licenses have been renewed without any conditions or sanctions imposed. However, there can be no assurance that the licenses of each station owned by Radio One 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: (i) Class A radio stations, which operate unlimited time and are designed to render primary and secondary service over an extended area, or (ii) 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 recently 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 with respect to each of Radio One's radio stations as of March 30, 1999: (i) the market, (ii) the radio station call letters, (iii) the year of acquisition, (iv) the class of FCC license, (v) the effective radiated power ('`ERP''), if an FM radio station, or the power, if an AM radio station, (vi) the antenna height above average terrain ('`HAAT''), if an FM radio station, or the above insulator measurement ('`AI''), if an AM radio station, (vii) the operating frequency and (viii) the date on which the radio station's FCC license expires.

| MARKET (1) | STATION CALL LETTERS | YEARS OF ACQUISITION | FCC CLASS | ERP (FM) | HAAT | FREQUENCY | EXPIRATION DATE OF LICENSE |
|------------------|-------------------------|-------------------------|--------------|---------------------|------------------|-----------|----------------------------------|
| | | | | POWER (AM) | (FM) AI (AM) | | |
| | | | | IN KILOWATTS (2) | IN METERS (3) | | |
| Washington, D.C. | WOL-AM | 1980 | C | 1.0 | 52.1 | 1450 kHz | 10/01/2003 |
| | WMMJ-FM | 1987 | A | 2.9(4) | 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(5) | 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(6) | 49.4 | 1200 kHz | 10/01/2004 |
| | WJZZ-AM(7) | 1998 | D | 50.0 | 59.7 | 1210 kHz | 10/01/2004 |
| | WWRB-FM | 1998 | B | 50.0 | 152.0 | 102.7 MHz | 10/01/2004 |

- (1) A broadcast station's market may be different from its community of license.
- (2) 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.
- (3) 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.
- (4) The FCC issued a construction permit to substitute a non-directional antenna for a directional antenna on September 11, 1998.
- (5) WPHI-FM operates at a power equivalent to 3 kW at 100 meters.
- (6) On October 30, 1996, the FCC issued a construction permit to operate with a power of 50 kW day and 15 kW night and we began testing on March 4, 1999.
- (7) WJZZ-AM is licensed to Kingsley, Michigan, which is located outside of Traverse City, Michigan. The station is temporarily off the air.

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. Applications to the FCC for assignments and transfers are subject to petitions to deny by interested parties.

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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 (e.g., the transfer 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 up 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 up 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 ten percent or more 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's rules also specify other exceptions to these general principles for attribution. However, the FCC is currently evaluating whether to: (i) raise the benchmark for voting stock from five to ten percent, (ii) raise the benchmark for passive investors holding voting stock from ten to twenty percent, (iii) continue the single 50% stockholder exception, and/or (iv) attribute non-voting stock or perhaps only when combined with other rights such as voting shares or contractual relationships. More recently, the FCC has solicited comment on proposed rules that would (i) treat an otherwise

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non-attributable ownership equity or debt interest in a licensee as an attributable interest where the interest holder is a program supplier or the owner of a broadcast station in the same market and the equity and/or debt holding is greater than a specified benchmark and (ii) in certain circumstances, treat the licensee of a broadcast station that sells advertising time of another station in the same market pursuant to a joint sales agreement as having an attributable interest in the station whose advertising is being sold.

The Communications Act and FCC rules generally restrict ownership, operation or control of, or the common holding of attributable interests in (i) radio broadcast stations above certain limits servicing the same local market, (ii) a radio broadcast station and a television broadcast station servicing the same local market, and (iii) 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 or other surveys, or for purposes of the HSR Act. Under these ``cross-ownership'' rules, Radio One, absent waivers, would not be permitted to own a radio broadcast station and acquire an attributable interest in any daily newspaper or television broadcast station (other than a low-powered television station) in the same market where we then owned any radio broadcast station, and Radio One's stockholders, officers or directors, absent a waiver, could not hold an attributable interest in a daily newspaper or television broadcast station in those same markets. The FCC is currently reviewing the ban on common ownership of a radio station and a daily newspaper in the same market. The FCC's rules provide for the liberal grant of a 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, and the FCC will consider waivers in other markets under more restrictive standards. The FCC is reviewing its ban on the common ownership of a radio station and a television station or newspaper including extending the policy of liberal waivers of common ownership of radio and television stations to the top 50 television markets.

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 is currently reviewing the effect of local market ownership limitations on competition and diversity in the broadcast industry to determine if a recommendation to repeal or modify the rules should be made to Congress. The FCC staff has also notified the public of its intention to review

transactions that comply with numerical ownership limits but that might involve undue concentration of market share.

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 or radio stations, or in daily newspapers, depending on the number and location of those radio stations and the location of those television broadcast stations

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or daily newspapers. 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 long as one person or entity holds more than 50% of the voting power of the Common Stock of Radio One where the vote of such person or entity is sufficient to affirmatively direct the affairs of Radio One, another stockholder, unless serving as an officer and/or director, generally would not hold an attributable interest in Radio One. However, as described above, the FCC is currently evaluating whether to continue the exception for a single majority stockholder of more than 50% of a licensee's voting stock. As of March 30, 1999, no single stockholder held more than 50% of the total voting power of our Common Stock.

Under its ``cross-interest'' policy, the FCC considers ``meaningful'' relationships among competing media outlets that serve ``substantially the same area,'' even if the ownership rules do not specifically prohibit the relationship. Under this policy, the FCC may consider 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 cross-interest policy does not necessarily prohibit all of these interests, but requires that the FCC consider whether, in a particular market, the ``meaningful'' relationships between competitors could have a significant adverse effect upon economic competition and program diversity. In a rule making proceeding concerning the attribution rules, the FCC has sought comment on, among other things, (i) whether the cross-interest policy should be applied only in smaller markets, and (ii) whether non-equity financial relationships, such as debt, when combined with multiple business relationships, such as local marketing agreements or joint sales arrangements, raise concerns under the cross-interest policy.

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 (including limits on human exposure to radio frequency radiation).

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 recently 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.

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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 editorial and other controls being exercised 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 (i) remains ultimately responsible for, and maintains control over, the operation of its radio station, and (ii) 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. The FCC is considering whether it should treat as attributable multiple business arrangements among local radio stations such as a joint sales arrangement accompanied by debt financing. 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. However, in connection with its ongoing rulemaking proceedings concerning the attribution rules, the FCC is considering whether JSAs should be considered attributable interests or within the scope of the FCC's cross-interest policy, particularly when JSAs contain provisions for the supply of programming services and/or other elements typically associated with local marketing agreements.

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.

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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, would 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 WWBR-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 WWBR-FM are held by Allur Licenses, Inc. Allur Licenses, Inc. holds no other material assets.

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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, holds some of the assets used in the operation of station WAMJ-FM. Dogwood holds title to 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.

EMPLOYEES

As of February 28, 1999, Radio One employed 454 people. Radio One's 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, Radio One centralizes 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 Radio One's radio stations located in such market and Radio One's Vice President of Programming oversees programming for all of Radio One's Urban-oriented FM radio stations.

INDUSTRY SEGMENTS

We consider radio broadcasting to be our only business segment.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that have been made pursuant to the provisions of the Private Securities Litigation Reform Act of 1995. 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 the "Risk Factors" section of Radio One's Registration Statement on Form S-1 (File No. 333-74351) and elsewhere in this document. 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 report. 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 report or to reflect the occurrence of unanticipated events.

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ITEM 2. PROPERTIES AND FACILITIES

PROPERTIES

The following chart sets forth the principal real property and radio related facilities owned or leased by Radio One as of March 30, 1999.

| PROPERTY ADDRESS | TYPE OF FACILITY AND USE | OWNED OR LEASED (EXPIRATION DATE) | TENANT/OWNER | APPROXIMATE SIZE (SQUARE FEET) |
|------------------|--------------------------|--------------------------------------|--------------|-----------------------------------|
|------------------|--------------------------|--------------------------------------|--------------|-----------------------------------|

| | | | | |
|---|--|---------------------------|-------------------|-----------------------------|
| 5900 Princess Garden Parkway, 1st, 7th/ and 8th Floors Lanham, MD | Corporate Office, WKYS-FM, WOL-AM, WMMJ-FM, WYCB-AM Studio | Leased (expires 12/31/11) | Radio One | 21,546 |
| 4001 Nebraska Avenue, N.W. Washington, D.C. | WKYS-FM Transmitter | Leased (expires 11/30/01) | Radio One | Tower and transmitter space |
| 62 Pierce Street, N.E. Washington, D.C. | WOL-AM Transmitter | Leased (expires 3/31/01) | Radio One | Tower and transmitter space |
| 4400 Massachusetts Avenue, N.W. Washington, D.C. | WMMJ-FM Transmitter | Leased (expires 4/30/04) | Radio One | Leased Tower space (+) 200 |
| 100 St. Paul Street Baltimore, MD | WWIN-AM/FM, WERQ-FM, WOLB-AM Studio | Leased (expires 10/31/03) | Radio One | 8,000 |
| Greenmount Avenue and 29th St. Baltimore, MD (Waverly Towers) | WWIN-AM Transmitter | Leased (expires 8/31/01) | Radio One | 225 |
| 1315 W. Hamburg Street Baltimore, MD | WOLB-AM Transmitter | Leased (expires 12/31/00) | Radio One | Tower and transmitter space |
| 7 St. Paul Street Baltimore, MD | Satellite Dish Space | Leased (expires 4/22/04) | Radio One | 200 |
| 100 Old York Road Jenkintown, PA | WPHI-FM, Studio | Leased (expires 10/31/03) | Radio One | 5,661 |
| Domino Lane and Fowler Street Philadelphia, PA | WPHI-FM Transmitter | Leased (expires 6/29/06) | Radio One | Tower and transmitter space |
| 2501 Hawkins Point Road Baltimore City, MD | WWIN-FM Transmitter | Owned | Radio One | 16,800 |
| 2709 Boarman Avenue (4334-4338 Park Heights Ave.) Baltimore, MD | WERQ-FM Transmitter | Owned | Radio One | 24,920 |
| Walker Mill Road District Heights, MD | WYCB-AM Transmitter | Leased (expires 11/99) | BHI | Tower and transmitter space |
| 2994 East Grand River Detroit, MI 48202 | WDTJ-FM/WCHB-AM, Studio | Leased (expires 6/30/99) | Bell Broadcasting | 3,000 |
| 24600 Greenfield Road Oak Park, MI | WDTJ-FM Transmitter | Leased (expires 3/31/04) | Bell Broadcasting | Tower and transmitter space |
| 32790 Henry Huff Road Romulus, MI | WCHB-AM Office Site | Owned | Bell Broadcasting | 80 acres |
| York Road Kingsley, MI | WJZZ-AM Transmitter | Owned | Bell Broadcasting | |
| Huron Township, MI | WCHB-AM Transmitter | Owned | Bell Broadcasting | 80 acres |
| 850 Stephenson Highway Troy, MI | WWBR-FM Studio | Leased (expires 2/1/02) | Allur-Detroit | 5,766 |
| 21340 Pitko Street Mt. Clemens, MI | WWBR-FM Transmitter | Leased (expires 12/31/08) | Allur-Detroit | Tower and transmitter space |

| PROPERTY ADDRESS | TYPE OF FACILITY AND USE | OWNED OR LEASED (EXPIRATION DATE) | TENANT/OWNER | APPROXIMATE SIZE (SQUARE FEET) |
|---------------------------------|--------------------------|-----------------------------------|--------------|--------------------------------|
| Tyrone Cook Road, #1 Tyrone, GA | WHTA-FM Transmitter | Leased (expires 12/6/09) | ROA | Tower and transmitter space |
| 75 Piedmont Avenue Atlanta, GA | WHTA-FM, WAMJ-FM Studio | Leased (expires 1/31/05) | ROA | 11,600 |
| 1050 Crown Pointe Atlanta, GA | WAMJ-FM Transmitter | Leased (expires 8/31/01) | Dogwood | Tower and transmitter space |

The real property owned or leased by Radio One is the subject of a security interest held pursuant to the terms of our amended and restated credit agreement (the "Credit Agreement") dated as of February 26, 1999, under which we may borrow \$100 million on a revolving basis (the "Bank Credit Facility").

We own substantially all of our other equipment, consisting principally of studio equipment and office equipment. The towers, antennae and other transmission equipment used by our radio stations are generally in good condition, although opportunities to upgrade facilities are periodically reviewed.

We believe that the facilities for our radio stations and office space in Washington, D.C., Baltimore, Atlanta, Philadelphia and Detroit are generally suitable and of adequate size for their current and intended purposes other than for routine modifications and expansions which may be required from time to time but would not be expected to have a material adverse effect on us or our financial position or performance. We believe we will be able to obtain suitable facilities for the radio stations we are acquiring in St. Louis, Cleveland and Richmond on reasonable terms.

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ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to our stockholders for vote during the fourth quarter of 1998.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

There is no established public trading market for our common stock. As of March 30, 1999, there were 96.24 shares of our Class A Common Stock outstanding held of record by four persons; 147.04 shares of Class A Common Stock issuable upon exercise of the Recapitalization Warrants and Contingent Warrants issued by us as of February 25, 1999; and 2.37 shares of Class A Common Stock issuable upon exercise of warrants issued in connection with our acquisition of ROA. In addition, there were 84.36 shares of our Class B Common Stock outstanding held of record by three persons and 1.55 shares of Class B Common Stock issuable upon exercise of warrants issued in connection with our acquisition of ROA. Lastly, there were 93.803 shares of our Class C Common Stock outstanding held of record by four persons.

DIVIDENDS

We did not declare any dividends on our common stock during fiscal 1997 or fiscal 1998. Holders of shares of common stock are entitled to receive such dividends as may be declared by our Board of Directors out of funds legally available for such purpose. The payment of dividends is currently restricted by (i) the Credit Agreement governing our Bank Credit Facility, the Indenture, as supplemented and amended, dated as of May 15, 1997, among Radio One, Radio One Licenses, Inc., and the United States Trust Company of New York (the "Indenture"), under which our 12% Senior Subordinated Notes due 2004 ("12% Notes due 2004") were issued (the "12% Notes Offering"), and (ii) the Preferred Stockholders' Agreement dated May 14, 1997, among Catherine L. Hughes, Alfred C. Liggins, III, Jerry A. Moore III, Alta Subordinated Debt Partners III, L.P. ("Alta"), BancBoston Investments, Inc. ("BancBoston"), Syncom, Alliance Enterprise Corporation ("Alliance"), Alfred C. Liggins, III, as assignee of Greater Philadelphia Venture Capital Corporation, Inc. ("Greater Philadelphia"), Opportunity Capital Corporation ("Opportunity"), Medallion Capital, Inc., as assignee of Capital Dimensions Venture Fund, Inc. ("Capital"), TSG Ventures Inc. ("TSG"), and Fulcrum Venture Capital Corporation ("Fulcrum").

RECENT SALES OF UNREGISTERED SECURITIES

We did not sell any unregistered securities during fiscal 1998.

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ITEM 6. SELECTED 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 should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Form 10-K, and the Consolidated Financial Statements of Radio One incorporated by reference to our current Report on Form 8-K filed March 12, 1999 (File No. 333-30795; Film No. 99564256).

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, non-cash compensation expense, 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.

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| | FISCAL YEAR ENDED/ (1) / | | | | |
|---|--------------------------|------------|----------------------|------------|----------|
| | DECEMBER 25, 1994 | 1995 | DECEMBER 31, 1996 | 1997 | 1998 |
| | (IN THOUSANDS) | | | | |
| STATEMENT OF OPERATIONS: | | | | | |
| Net broadcast revenue | \$15,541 | \$21,455 | \$23,702 | \$32,367 | \$46,109 |
| Station operating expenses | 8,506 | 11,736 | 13,927 | 18,848 | 24,501 |
| Corporate expenses | 1,128 | 1,995 | 1,793 | 2,155 | 2,800 |
| Depreciation and amortization | 2,027 | 3,912 | 4,262 | 5,828 | 8,445 |
| Operating income | 3,880 | 3,812 | 3,720 | 5,536 | 10,363 |
| Interest expense/(2)/ | 2,665 | 5,289 | 7,252 | 8,910 | 11,455 |
| Other income (expense), net | 38 | 89 | (77) | 415 | 358 |
| Income tax benefit (expense)/(3)/ | (30) | -- | -- | -- | 1,575 |
| Income (loss) before extraordinary item .. | 1,223 | (1,388) | (3,609) | (2,959) | 841 |
| Extraordinary loss | -- | 468 | -- | 1,985 | -- |
| Net income (loss) | \$ 1,223 | \$ (1,856) | \$ (3,609) | \$ (4,944) | \$ 841 |
| OTHER DATA: | | | | | |
| Broadcast cash flow..... | \$ 7,035 | \$ 9,719 | \$ 9,775 | \$13,519 | \$21,608 |
| Broadcast cash flow margin/(4)/..... | 45.3% | 45.3% | 41.2% | 41.8% | 46.9% |
| EBITDA (before non-cash compensation)..... | 5,907 | 7,724 | 7,982 | 11,364 | 18,808 |
| After-tax cash flow..... | 2,763 | 2,524 | 806 | 2,869 | 7,248 |
| Cash interest expense/(5)/..... | 2,356 | 5,103 | 4,815 | 4,413 | 7,192 |
| Capital expenditures..... | 639 | 224 | 252 | 2,035 | 2,236 |
| BALANCE SHEET DATA (AT PERIOD END): | | | | | |
| Cash and cash equivalents..... | | | | | \$ 4,455 |
| Intangible assets, net..... | | | | | 127,639 |
| Total assets..... | | | | | 153,856 |
| Total debt (including current portion and deferred interest)..... | | | | | 131,739 |
| Preferred stock..... | | | | | 26,684 |
| Total stockholders' deficit..... | | | | | 24,859 |

(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.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following information should be read in conjunction with "Selected Financial Data" and the Consolidated Financial Statements and the notes thereto incorporated by reference to Radio One's Report on Form 8-K (File No. 333-30795; Film No. 99564256).

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 (i) a radio station's audience share in the demographic groups targeted by advertisers, as measured principally by quarterly reports (and to a lesser extent, by monthly reports) developed by Arbitron, (ii) the number of radio stations in the market competing for the same demographic groups, and (iii) 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 cluster 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 generally accepted accounting principles ("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

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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, to December 31, 1998, Radio One acquired six radio stations. On May 19, 1997, Radio One acquired WPHI-FM (formerly WDRE-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 (formerly WCHB-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 WWBR-FM, in Detroit, for approximately \$26.5 million.

The consolidated financial statements of Radio One incorporated by reference to our current report on Form 8-K filed March 12, 1999 (File No. 333-30795; Film No. 99564256) 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 discussion below concerning results of operations reflects the operations of radio stations Radio One owned and/or managed by us during the periods presented. As a result of the acquisition of WPHI-FM in May 1997 (with an LMA for this station beginning in February 1997), WYCB-AM in March 1998, Bell Broadcasting in June 1998, and Allur-Detroit in December 1998, Radio One's historical financial data prior to such times are not directly comparable to Radio One's historical financial data for subsequent periods.

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RADIO ONE, INC. AND SUBSIDIARIES
RESULTS OF OPERATIONS

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

| | YEAR ENDED DECEMBER 31 | | |
|-------------------------------|------------------------|----------|----------|
| | 1996 | 1997 | 1998 |
| | ----- | ----- | ----- |
| | (IN THOUSANDS) | | |
| STATEMENT OF OPERATIONS: | | | |
| Net broadcast revenue | \$23,702 | \$32,367 | \$46,109 |
| Station operating expenses | 13,927 | 18,848 | 24,501 |
| Corporate expenses | 1,793 | 2,155 | 2,800 |
| Depreciation and amortization | 4,262 | 5,828 | 8,445 |
| | ----- | ----- | ----- |
| Operating income | 3,720 | 5,536 | 10,363 |
| Interest expense | 7,252 | 8,910 | 11,455 |

| | | | |
|---|------------|------------|----------|
| Other income (expense), net | (77) | 415 | 358 |
| | ----- | ----- | ----- |
| Loss before benefit for income taxes and extraordinary item | (3,609) | (2,959) | (734) |
| Income tax benefit | -- | -- | 1,575 |
| Income (loss) before extraordinary item | (3,609) | (2,959) | 841 |
| Extraordinary loss | -- | 1,985 | -- |
| | ----- | ----- | ----- |
| Net income (loss) | \$ (3,609) | \$ (4,944) | \$ 841 |
| | ===== | ===== | ===== |
| Broadcast cash flow | \$ 9,775 | \$13,519 | \$21,608 |
| Broadcast cash flow margin | 41.2% | 41.8% | 46.9% |
| EBITDA | \$ 7,982 | \$11,364 | \$18,808 |
| After-tax cash flow | 806 | 2,869 | 7,248 |

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.

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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

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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 our 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 our Series A 15.0% Senior Cumulative Exchangeable Preferred and Series B 15.0% Senior Cumulative Exchangeable Preferred Stock (together, the "Senior 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 1998 from approximately \$9.8 million in 1997. 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 and our preferred stock. 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 (i) the Bank Credit Facility, (ii) the proceeds of the offering of our common stock and New Preferred Stock (as defined below), and (iii) internally generated cash flow. A portion of the net proceeds from these offerings will be used to repay our outstanding indebtedness under the Bank Credit Facility.

Radio One's balance of cash and cash equivalents was approximately \$4.5 million as of December 31, 1998, and approximately \$8.5 million as of December 31, 1997. This decrease in cash resulted primarily from our use of approximately \$9.5 million of our then available cash to fund partially the Bell Broadcasting acquisition, offset by an increase in cash from operations. The balance of the purchase price and expenses related to the Bell Broadcasting acquisition was funded with approximately \$25.4 million drawn on our \$32.5 million Bank Credit Facility that we

entered into concurrent with the closing of the acquisition of Bell Broadcasting. We subsequently increased the Bank Credit Facility to \$57.5 million from which we drew down an additional \$24.0 million to fund partially the acquisition of Allur-Detroit. On December 31, 1998, approximately \$8.1 million was available to be drawn down from the Bank Credit Facility. On February 26, 1999, we entered into the Credit Agreement under which we may borrow up to \$100 million on a revolving basis from a group of banking institutions. Immediately following the acquisition of ROA, approximately \$67.0 million was outstanding under our Bank Credit Facility.

On March 12, 1999, we filed a registration statement on Form S-1 in connection with the Common Stock Offering. On March 19, 1999, we filed a registration statement on Form S-1 in connection with the Preferred Stock Offering. The proceeds from the Common Stock Offering and the Preferred Stock Offering will be used in part to increase availability under our Bank Credit Facility. This availability is expected to be used in part to fund pending acquisitions. The amount needed to fund the pending acquisitions is approximately \$94.2 million. In the event the Common Stock Offering and the Preferred Stock Offering are not consummated, we believe we have adequate liquidity and access to other financing sources to fund these acquisitions.

Net cash flow from operating activities increased to approximately \$9.3 million for the fiscal year ended December 31, 1998, from approximately \$4.9 million for the fiscal year ended December 31, 1997, or 89.8%. This increase was

primarily due to higher net income (versus a net loss in 1997) and non-cash expenses. Non-cash expenses of depreciation and amortization increased to approximately \$8.4 million for fiscal year ended December 31, 1998, from approximately \$5.8 million for the fiscal year ended December 31, 1997, or 44.8%, due to our recent acquisitions, as well as leasehold improvements made to our new headquarters and Washington, D.C. radio studios in the second half of 1997. Non-cash expenses of amortization of debt financing costs, unamortized discount and deferred interest increased to approximately \$4.1 million for the fiscal year ended December 31, 1998, from approximately \$3.3 million for the fiscal year ended December 31, 1997, or 24.2%, due to the 12% Notes Offering. We also incurred a non-cash expense of approximately \$2.0 million related to the loss on extinguishment of debt during the fiscal year ended December 31, 1997.

Net cash flow used in investing activities increased to approximately \$61.2 million for the fiscal year ended December 31, 1998, compared to approximately \$23.2 million for the fiscal year ended December 31, 1997, or 163.8%. During the fiscal year ended December 31, 1998, we acquired Bell Broadcasting for approximately \$34.2 million plus the cost of additional assets and expenses related to the transaction, and acquired Allur-Detroit for approximately \$26.5 million. Additionally, we made purchases of capital equipment totaling approximately \$2.2 million. During the fiscal year ended December 31, 1997, we acquired WPHI-FM for approximately \$20.0 million and made purchases of capital equipment totaling approximately \$2.0 million.

Net cash flow from financing activities was approximately \$47.8 million for the fiscal year ended December 31, 1998. During the fiscal year ended December 31, 1998, Radio One entered into a \$57.5 million Bank Credit Facility, of which, approximately \$49.4 million was used to finance partially the acquisitions of Bell Broadcasting and Allur-Detroit. In conjunction with this facility, we incurred approximately \$1.0 million in deferred debt financing costs. Additionally, during the fiscal year ended December 31, 1998, a wholly-owned Unrestricted Subsidiary of Radio One financed the acquisition of WYCB-AM with a promissory note due to the seller for approximately \$3.8 million. Net cash flow from financing activities was approximately \$25.1 million for the fiscal year ended December 31, 1997. During the fiscal year ended December 31, 1997, we completed the 12% Notes Offering and raised net proceeds of approximately \$72.8 million. We used approximately \$19.1 million of these proceeds to acquire WPHI-FM (formerly WDRE-FM) and approximately \$45.6 million of the proceeds to retire the outstanding indebtedness under our then existing bank credit facility. In conjunction with the 12% Notes Offering we incurred approximately \$2.1 million in deferred debt financing costs. As a result, cash and cash equivalents decreased by approximately \$4.0 million during the fiscal year ended December 31, 1998, compared to an increase of approximate \$6.8 million during the fiscal year ended December 31, 1997.

We continuously review, and are currently reviewing, opportunities to acquire additional radio stations, primarily in the top 30 African-American markets. As of the date of this report, other than the pending transactions,

we have no written or oral understandings, letters of intent or contracts to acquire radio stations. 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 an 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. 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 expect to complete 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 third 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 third quarter of 1999.

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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 the third quarter 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.

Radio One does not intend to develop any contingency plans to address possible failures by itself or its vendors related to Year 2000 compliance. Radio One does not believe that such contingency plans are required because it believes that Radio One and its significant vendors will be Year 2000 compliant before

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We have no quantitative or qualitative market risk to report.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements of Radio One required by this item are incorporated by reference to Radio One's current report on Form 8-K filed March 12, 1999 (File No. 333-30795; Film No. 99564256).

ITEM 9. CHANGES IN AND DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

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. With the exception of Ms. Sneed, none of the persons named below have employment agreements with Radio One.

| NAME | AGE AS OF MARCH 31, 1999 | POSITION |
|-----------------------------|--------------------------------|---|
| Catherine L. Hughes | 51 | Chairperson of the Board of Directors and Secretary |
| Alfred C. Liggins, III/(1)/ | 34 | Chief Executive Officer, President, Treasurer, and Director |
| Scott R. Royster | 34 | Executive Vice President and Chief Financial Officer |
| Mary Catherine Sneed | 47 | Chief Operating Officer |
| Linda J. Eckard | 41 | General Counsel |
| Steve Hegwood | 37 | Vice President of Programming |
| Leslie J. Hartmann | 37 | Corporate Controller |
| Terry L. Jones /(2)/ | 52 | Director |
| Brian W. McNeill /(2)/ | 43 | Director |

(1) Mr. Alfred C. Liggins, III, is the son of Ms. Catherine L. Hughes

(2) Member of the Audit and Compensation Committees

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.

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Ms. Eckard has been General Counsel of Radio One since January 1998. 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, a Seattle-based law firm from August 1997 to January 1998. 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 and a graduate of 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 United States Supreme Court Bar.

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.

ITEM 11. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

COMPENSATION OF DIRECTORS

Non-officer directors of Radio One are reimbursed for all out-of-pocket expenses related to meetings attended. Non-officer directors receive no additional compensation for their services as directors of Radio One. Officers of Radio One who serve as directors do not receive compensation for their services as directors other than the compensation they receive as officers of Radio One.

EXECUTIVE COMPENSATION

The following information relates to compensation of Radio One's Chief Executive Officer and each of its 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 | YEAR | ANNUAL COMPENSATION | | ALL OTHER COMPENSATION |
|---|------|---------------------|-----------|------------------------|
| | | SALARY | BONUS | |
| Catherine L. Hughes..... Chairperson of the Board of Directors and Secretary | 1998 | \$ 225,000 | \$100,000 | \$12,281 |
| | 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.

Ms. Mary Catherine Sneed Employment Agreement. Effective December 8, 1997, Radio One entered into a two-year 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. Radio One 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, Radio One terminates 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.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Radio One has formed a Compensation Committee of the Board of Directors of Radio One, and all of the directors serving on such Compensation Committee are directors who are not employees of Radio One. The Compensation Committee is comprised of Messrs. Terry L. Jones and Brian W. McNeill. No member of our Compensation Committee has a relationship that would constitute an interlocking relationship with executive officers or directors of another entity. See Item 13 - - "Certain Relationships and Related Transactions."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of our common stock by: (i) each person (or group of affiliated persons) known by us to be the beneficial owner of more than 5% of any class of common stock; (ii) each Named Executive; (iii) each of our directors; and (iv) all of our directors and officers as a group. Unless otherwise indicated in the footnotes below, each stockholder possesses sole voting and investment power with respect to the shares listed. This information is based on share ownership as of March 30, 1999.

| NAME OF BENEFICIAL OWNER | CLASS A COMMON STOCK/(1)/ | | CLASS B COMMON STOCK/(1)/ | | CLASS C COMMON STOCK/(1)/ | |
|--|------------------------------|----------|------------------------------|----------|------------------------------|----------|
| | NUMBER | PERCENT | NUMBER | PERCENT | NUMBER | PERCENT |
| | OF SHARES | OF CLASS | OF SHARES | OF CLASS | OF SHARES | OF CLASS |
| Catherine L. Hughes/(2)/ | -- | -- | 25.00 | 29.10% | 50.00 | 53.30% |
| Alfred C. Liggins, III/(2)/ | 0.97 | 0.47% | 60.58 | 70.51 | 41.63 | 44.39 |
| Scott R. Royster/(2)/ | -- | -- | -- | -- | 1.50 | 1.60 |
| Mary Catherine Sneed/(2)/ | 7.01 | 3.38 | -- | -- | -- | -- |
| Terry L. Jones/(3)/ | 60.16 | 29.00 | -- | -- | -- | -- |
| Brian W. McNeill/(4)/ | 44.54 | 21.47 | -- | -- | -- | -- |
| Alta Subordinated Debt Partners III, L.P./ (5) (12)/ | 44.54 | 21.47 | -- | -- | -- | -- |
| Alliance Enterprise Corporation/(6) (12)/ | 18.70 | 9.02 | -- | -- | -- | -- |
| BancBoston Investments, Inc./ (7) (12)/ | 20.15 | 9.71 | -- | -- | -- | -- |
| Medallion Capital, Inc./ (8) (12)/ | 15.24 | 7.35 | -- | -- | -- | -- |
| Fulcrum Venture Capital Corporation/(9) (12)/ | 15.61 | 7.53 | -- | -- | -- | -- |
| Syncom Capital Corporation/(10) (12)/ | 60.16 | 29.00 | -- | -- | -- | -- |
| Allied Capital Corporation/(11) (12)/ | 14.32 | 6.90 | -- | -- | -- | -- |
| All Directors and Named Executives as a group (6 persons) | 112.68 | 54.32% | 85.58 | 99.62% | 93.13 | 99.29% |

- (1) The number of shares of each class of common stock does not include the shares of any other class of common stock issuable upon conversion of that class of common stock. The table gives effect to the exercise of the Recapitalization Warrants and Contingent Warrants to purchase 147.04 shares of Class A Common Stock issued by Radio One as of February 25, 1999, and warrants to purchase 3.92 shares of Common Stock issued in connection with acquisition of ROA on March 30, 1999 (the "Warrants"). As used in this table, "beneficial ownership" means the sole or shared power to vote or direct the voting of a security, or the sole or shared investment power with respect to a security (i.e., the power to dispose of, or direct the disposition of, a security). Other than with respect to the Warrants, a person is deemed as of any date to have "beneficial ownership" of any security that such person has the right to acquire within 60 days of such date. For purposes of computing the percentage of outstanding shares held by each person named above, other than with respect to the Warrants, any security that such person has the right to acquire within 60 days of the date of the calculation is deemed to be outstanding, but is not deemed to be outstanding for purposes of computing the percentage ownership of any other person. The shares of Common Stock are subject to a voting agreement with respect to the election of Radio One's directors (which is included in the Warrant Holders' Agreement). The Warrants are subject to the terms of a Standstill Agreement dated as of June 30, 1998, among Radio One, the subsidiaries of Radio One, Credit Suisse First Boston, the Trustee, and the other parties named therein (the "Standstill Agreement") which provides, among other things, that for so long as the Credit Agreement, if any, or the 12% Notes due 2004 are outstanding, the Warrants are collectively only exercisable for up to 65% of the Common Stock. Although the Warrants are currently exercisable, the holders of a majority of the outstanding shares of Senior Preferred Stock must exercise their Warrants if any are to be exercised prior to the eighth anniversary of the issue date of the Warrants.
- (2) 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. Pursuant to that agreement, Ms. Hughes controls the right to vote approximately 12 of the shares of Class B Common Stock held by Mr. Liggins. The business address for Ms. Hughes, Mr. Liggins, Mr. Royster and Ms. Sneed is c/o Radio One, 5900 Princess Garden Parkway, 8th Floor, Lanham, Maryland 20706.
- (3) Represents an aggregate of 60.16 shares of Class A Common Stock held by Syncom or issuable upon exercise of Warrants held by Syncom. Mr. Jones is the President of Syncom, and his address is c/o Syncom Capital Corporation, 8401 Colesville Road, Suite 300, Silver Spring, MD 20910. Mr. Jones may be deemed to share beneficial ownership of shares of Class A Common Stock and Senior Preferred Stock held by Syncom by virtue of his affiliation with Syncom. Mr. Jones disclaims beneficial ownership in such shares.
- (4) Represents an aggregate of 44.54 shares of Class A Common Stock held by Alta

or issuable upon exercise of Warrants held by Alta. Mr. McNeill is a general partner of Alta, and his address is c/o Alta Subordinated Debt Partners III, L.P., c/o Burr, Egan, Deleage & Co., One Post Office Square, Boston, MA 02109. Mr. McNeill may be deemed to share beneficial ownership of shares of Class A Common Stock

and Senior Preferred Stock held by Alta by virtue of his affiliation with Alta. Mr. McNeill disclaims any beneficial ownership of such shares.

- (5) The principal address of Alta is c/o Burr, Egan, Deleage & Co., One Post Office Square, Boston, MA 02109.
- (6) The principal address of Alliance Enterprise Corporation is 12655 N. Central Expressway, Suite 710, Dallas, TX 75243.
- (7) The principal address of BancBoston Investments, Inc. is 100 Federal Street, 32nd Floor, Boston, MA 02110.
- (8) The principal address of Medallion Capital, Inc. is 7831 Glenroy Road, Suite 480, Minneapolis, MN 55439.
- (9) The principal address of Fulcrum Venture Capital Corporation is 300 Corporate Point, Suite 380, Culver City, CA 90230.
- (10) The principal address of Syncom Capital Corporation is 8401 Colesville Road, Suite 300, Silver Spring, MD 20910.
- (11) The principal address of Allied Capital Corporation is 1919 Pennsylvania Avenue, NW, Washington, D.C. 20006-3434.
- (12) Such person is a holder of shares of Senior Preferred Stock, as follows:

| NAME OF STOCKHOLDER | NUMBER OF SHARES OF SERIES A PREFERRED STOCK HELD | NUMBER OF SHARES OF SERIES B PREFERRED STOCK HELD |
|---|---|---|
| Alfred C. Liggins, III | 2,359.67 | -- |
| Alta Subordinated Debt Partners III, L.P. | -- | 72,139.57 |
| Alliance Enterprise Corporation | 9,126.55 | -- |
| BancBoston Investments, Inc. | -- | 49,249.44 |
| Medallion Capital, Inc. | 37,258.14 | -- |
| Fulcrum Venture Capital Corporation | 9,650.09 | -- |
| Syncom Capital Corporation. | 13,595.69 | -- |
| Allied Capital Corporation* | 4,000.00 | -- |

* Represents a warrant to purchase, subject to certain conditions, 4,000 shares of Series A Preferred Stock.

ITEM 13. 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 1997, (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 in principle to provide initial funding to satisfy the requirements of the Mableton Option. 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

Radio One leases 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. Radio One's management believes that the terms of this lease are not materially different than if the agreement were with an unaffiliated third party.

MR. LIGGINS' LOAN

Radio One has 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 dated as of June 30, 1998. As of March 1, 1999, the aggregate outstanding principal and interest amount on this loan was \$386,386. 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.

MUSIC ONE, INC.

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

ALLUR-DETROIT, INC.

Allur-Detroit leases the transmitter site for WWBR-FM from American Signaling Corporation for approximately \$84,000 per year. American Signaling Corporation is a wholly-owned subsidiary of Syncom Venture Partners. Radio One's management believes 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 Radio One will provide programming to XM Satellite Radio, Inc. for distribution over satellite-delivered channels. Worldspace, Inc. holds 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.

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RADIO ONE OF ATLANTA, INC.

On March 30, 1999, Radio One acquired all of the outstanding capital stock of ROA. ROA's stockholders included 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. 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.

Radio One issued shares of Common Stock and warrants to purchase 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 and warrants 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 are Catherine L. Hughes of Radio One, Sanford Anstey of BancBoston Investments, Inc. and Dean Pickerell of Medallion Capital, Inc. (formerly Capital Dimensions Venture Fund, Inc.). The committee is comprised of members of the Board of Directors of, and investors in, Radio One that do 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.

MS. SNEED'S LOAN

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 a demand promissory note. As of February 28, 1999, the aggregate outstanding principal and interest amount on this loan was \$ 262,539. 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.

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ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Financial Statements

The following consolidated financial statements of Radio One are incorporated in this report by reference to Radio One's Current Report on Form 8-K filed March 12, 1999 (File No. 333-30795; Film No. 99564256):

Report of Independent Public Accountants
 Consolidated Balance Sheets as of December 31, 1997 and 1998
 Consolidated Statements of Operations for the years ended
 December 31, 1996, 1997 and 1998
 Consolidated Statements of Changes in Stockholders' Deficit for the
 years ended December 31, 1996, 1997 and 1998
 Consolidated Statements of Cash Flows for the years ended
 December 31, 1996, 1997 and 1998
 Notes to Consolidated Financial Statements

(b) Reports on Form 8-K

There were no reports on Form 8-K filed by us during the fourth quarter of the fiscal year ended December 31, 1998.

(c) Exhibits

| EXHIBIT NO. | DESCRIPTION | PAGE |
|-------------|---|------|
| 3.1/(5)/ | Amended and Restated Certificate of Incorporation of Radio One, Inc., as of February 25, 1999. | |
| 3.2/(5)/ | Amended and Restated By-laws of Radio One, Inc., as of February 25, 1999. | |
| 4.1/(1)/ | Indenture dated as of May 15, 1997 among Radio One, Inc., Radio One Licenses, Inc. and United States Trust Company of New York. | |
| 4.2/(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. | |
| 4.3/(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. | |
| 4.4/(1)/ | Purchase Agreement dated as of May 14, 1997 among Radio One, Inc., Radio One Licenses, Inc., Credit Suisse First Boston Corporation and NationsBanc Capital Markets, Inc. | |

- (1) 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).
- (2) Incorporated by reference to Radio One's Current Report on Form 8-K filed July 13, 1998 (File No. 333-30795; Film No. 98665139).
- (3) 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) 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) Incorporated by reference to Radio One's Registration Statement on Form S-1 (File No. 333-74351).

- 4.5/(1)/ Registration Rights Agreement dated as of May 14, 1997 among Radio One, Inc., Radio One Licenses, Inc., Credit Suisse First Boston Corporation and NationsBanc Capital Markets, Inc.
- 4.6/(1)/ Standstill Agreement dated as of May 19, 1997 among Radio One, Inc., Radio One Licenses, Inc., NationsBank of Texas, N.A., United States Trust Company of New York and the other parties thereto.
- 4.7/(4)/ 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.
- 10.1/(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.
- 10.2/(1)/ Purchase Option Agreement dated February 3, 1997 between National Life Insurance Company and Radio One, Inc. for the premises located at 5900 Princess Garden Parkway, Lanham, Maryland.
- 10.3/(1)/ 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.
- 10.4/(1)/ Preferred Stockholders' Agreement dated as of May 14, 1997 among Radio One, Inc., Radio One Licenses, Inc. and the other parties thereto.
- 10.5/(4)/ First Amendment to Preferred Stockholders' Agreement dated as of June 30, 1998 among Radio One, Inc., Radio One Licenses, Inc., and the other parties thereto.
- 10.6/(5)/ Second Amendment to Preferred Stockholders' Agreement dated as of November 23, 1998 among Radio One, Inc., Radio One Licenses, Inc. and the other parties thereto.
- 10.7/(5)/ Third Amendment to Preferred Stockholders' Agreement dated as of December 23, 1998 among Radio One, Inc., Radio One Licenses, Inc. and the other parties thereto.
- 10.8/(5)/ Fourth Amendment to Preferred Stockholders' Agreement dated as of December 31, 1998 among Radio One, Inc., Radio Once Licenses, Inc. and the other parties thereto.
- 10.9/(1)/ 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.
- 10.10/(1)/ Amended and Restated Warrant of Radio One, Inc. dated as of May 19, 1997, issued to Syncom Capital Corporation.
- 10.11/(1)/ Amended and Restated Warrant of Radio One, Inc. dated as of May 19, 1997, issued to Alliance Enterprise Corporation.
- 10.12/(1)/ Amended and Restated Warrant of Radio One, Inc. dated as of May 19, 1997, issued to Greater Philadelphia Venture Capital Corporation, Inc.

-
- (1) 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).
- (2) Incorporated by reference to Radio One's Current Report on Form 8-K filed July 13, 1998 (File No. 333-30795; Film No. 98665139).
- (3) 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) 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) Incorporated by reference to Radio One's Registration Statement on Form S-1 (File No. 333-74351).

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| EXHIBIT NO. | DESCRIPTION | PAGE |
|-------------|--|------|
| 10.13/(1)/ | Amended and Restated Warrant of Radio One, Inc. dated as of May 19, 1997, issued to Opportunity Capital Corporation. | |
| 10.14/(1)/ | Amended and Restated Warrant of Radio One, Inc. dated as of May 19, 1997, issued to Capital Dimensions Venture Fund, Inc. | |
| 10.15/(1)/ | Amended and Restated Warrant of Radio One, Inc. dated as of May 19, 1997, issued to TSG Ventures Inc. | |
| 10.16/(1)/ | Amended and Restated Warrant of Radio One, Inc. dated as of May 19, 1997, issued to Fulcrum Venture Capital Corporation. | |
| 10.17/(1)/ | Amended and Restated Warrant of Radio One, Inc. dated as of May 19, 1997, issued to Alta Subordinated Debt Partners III, L.P. | |
| 10.18/(1)/ | Amended and Restated Warrant of Radio One, Inc. dated as of May 19, 1997, issued to BancBoston Investments, Inc. | |
| 10.19/(1)/ | Amended and Restated Warrant of Radio One, Inc. dated as of May 19, 1997, issued to Grant M. Wilson. | |
| 10.20/(4)/ | 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. | |
| 10.21/(5)/ | First Amendment to Credit Agreement dated as of December 23, 1998 among Radio One, as the borrower, and NationsBank, N.A., as Documentation Agent and Credit Suisse First Boston as the Agent. | |
| 10.22/(1)/ | Management Agreement dated as of August 1, 1996 by and between Radio One, Inc. and Radio One of Atlanta, Inc. | |
| 10.23/(1)/ | Fifth Amendment dated as of July 31, 1997 to that certain Letter of Intent dated March 12, 1997 by and between Radio One, Inc. and Allied Capital Financial Corporation, as amended. | |
| 10.24/(1)/ | Sixth Amendment dated as of September 8, 1997 to that certain Letter of Intent dated March 12, 1997 by and between Radio One, Inc. and Allied Capital Financial Corporation, as amended. | |
| 10.25/(1)/ | Time Management and Services Agreement dated March 17, 1998, among WYCB Acquisition Corporation, Broadcast Holdings, Inc., and Radio One, Inc. | |
| 10.26/(1)/ | Stock Purchase Agreement dated December 23, 1997, between the shareholders of Bell Broadcasting Company and Radio One, Inc. | |
| 10.27/(1)/ | Option and Stock Purchase Agreement dated November 19, 1997, among Allied Capital Financial Corporation, G. Cabell Williams III, Broadcast Holdings, Inc. and WYCB Acquisition Corporation. | |
| 10.28/(1)/ | Amended and Restated Warrant of Radio One, Inc., dated January 9, 1998, issued to TSG Ventures L.P. | |
| 10.29/(1)/ | Stock Purchase Warrant of Radio One, Inc., dated March 16, 1998 issued to Allied Capital Financial Corporation. | |

-
- (1) 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).
 - (2) Incorporated by reference to Radio One's Current Report on Form 8-K filed July 13, 1998 (File No. 333-30795; Film No. 98665139).
 - (3) 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) 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) Incorporated by reference to Radio One's Registration Statement on Form S-1 (File No. 333-74351).

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| EXHIBIT NO. | DESCRIPTION | PAGE |
|-------------|---|------|
| 10.30/1)/ | Amended and Restated Credit Agreement dated May 19, 1997 among several lenders, NationsBank of Texas, N.A. and Radio One, Inc. | |
| 10.31/(1)/ | First Amendment to Credit Agreement dated December 31, 1997 among several lenders, NationsBank of Texas, N.A. and Radio One, Inc. | |
| 10.32/(1)/ | Amendment to Preferred Stockholders' Agreement dated as of December 31, 1997 among Radio One, Inc., Radio One Licenses, Inc. and the other parties thereto. | |
| 10.33/(1)/ | Assignment and Assumption Agreement dated October 23, 1997, between Greater Philadelphia Venture Capital Corporation, Inc. and Alfred C. Liggins, III. | |
| 10.34/(1)/ | Agreement dated February 20, 1998 between WUSQ License Limited Partnership and Radio One, Inc. | |
| 10.35/(4)/ | Amended and Restated Warrant of Radio One, Inc. dated as of June 30, 1998 issued to Capital Dimensions Venture Fund Inc. | |
| 10.36/(4)/ | Amended and Restated Warrant of Radio One, Inc. dated as of June 30, 1998 issued to Fulcrum Venture Capital Corporation. | |
| 10.37/(4)/ | Amended and Restated Warrant of Radio One, Inc. dated as of June 30, 1998 issued to Syncom Capital Corporation. | |
| 10.38/(4)/ | Amended and Restated Warrant of Radio One, Inc. dated as of June 30, 1998 issued to Alfred C. Liggins, III. | |
| 10.39/(4)/ | Amended and Restated Warrant of Radio One, Inc. dated as of June 30, 1998 issued to TSG Ventures L.P. | |
| 10.40/(4)/ | Amended and Restated Warrant of Radio One, Inc. dated as of June 30, 1998 issued to Alliance Enterprise Corporation. | |
| 10.41/(4)/ | Amended and Restated Warrant of Radio One, Inc. dated as of June 30, 1998 issued to Alta Subordinated Debt Partners III, L.P. | |
| 10.42/(4)/ | Amended and Restated Warrant of Radio One, Inc. dated as of June 30, 1998 issued to BancBoston Investments Inc. | |
| 10.43/(4)/ | Amended and Restated Warrant of Radio One, Inc. dated as of June 30, 1998 issued to Grant M. Wilson. | |
| 10.44 | Stock Purchase Agreement dated as of October 26, 1998, by and between Radio One and Syndicated Communications Venture Partners, II, L.P. | |
| 21.1/(5)/ | Subsidiaries of Radio One, Inc. | |
| 23.1 | Consent of Arthur Andersen, L.L.P. | |
| 27.1/(5)/ | Financial Data Schedule | |

-
- (1) 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).
 - (2) Incorporated by reference to Radio One's Current Report on Form 8-K filed July 13, 1998 (File No. 333-30795; Film No. 98665139).
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 - (4) 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) Incorporated by reference to Radio One's Registration Statement on Form S-1 (File No. 333-74351).

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized on March 31, 1999.

RADIO ONE, INC.

/s/ Scott R. Royster

By: _____
Name: Scott R. Royster
Title: Executive Vice President, Chief
Financial Officer and Principal
Accounting Officer

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities indicated on March 31, 1999.

/s/ Catherine L. Hughes

Name: Catherine L. Hughes
Title: Chairperson, Director and Secretary

/s/ Alfred C. Liggins, III

Name: Alfred C. Liggins, III
Title: Chief Executive Officer, President
and Director

/s/ Terry L. Jones

Name: Terry L. Jones
Title: Director

/s/ Brian W. McNeill

Name: Brian W. McNeill
Title: Director

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RADIO ONE, INC. AND SUBSIDIARIES
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S-1

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have audited in accordance with generally accepted auditing standards, the consolidated balance sheets and statements of operations, changes in stockholders' deficit and cash flows of Radio One, Inc. and subsidiaries (the Company) included by reference in this Form 10-K and have issued our report thereon dated March 11, 1999. Our audits were made for the purpose of forming an

opinion on the basic financial statements taken as a whole. The schedule listed in the accompanying index is the responsibility of the Company's management and is presented for purposes of complying with the Securities Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/ ARTHUR ANDERSEN, LLP

Baltimore, Maryland,
March 11, 1999

S-2

RADIO ONE, INC. AND SUBSIDIARIES
SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 1996, 1997, and 1998
(IN THOUSANDS)

| Description ----- | Balance at Beginning of Year ----- | Additions Charged to Expense ----- | Acquired from Acquisitions ----- | Deductions ----- | Balance at End of Year ----- |
|----------------------------------|---|---|---|---------------------|---------------------------------------|
| ALLOWANCE FOR DOUBTFUL ACCOUNTS: | | | | | |
| 1996..... | \$ 669 | \$ 628 | \$ -- | \$ 532 | \$ 765 |
| 1997..... | 765 | 894 | -- | 755 | 904 |
| 1998..... | 904 | 1,942 | 258 | 1,861 | 1,243 |
| TAX VALUATION RESERVE: | | | | | |
| 1996..... | 1,067 | -- | -- | 1,067 | -- |
| 1997..... | -- | 2,058 | -- | -- | 2,058 |
| 1998..... | 2,058 | -- | -- | 2,058 | -- |

S-3

STOCK PURCHASE AGREEMENT

by and among

THE SHAREHOLDER OF ALLUR-DETROIT, INC.

and

RADIO ONE, INC.

for the sale and purchase of

STATION WWBR(FM)

Dated as of October 26, 1998

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STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT (this "Agreement") is entered into as of this 26th day of October, 1998, by and among Syndicated Communications Venture Partners II, L.P., a Delaware limited partnership (hereinafter referred to as "Seller" or "Shareholder") and Radio One, Inc., a Delaware corporation ("Buyer").

RECITALS

WHEREAS, Seller will be the sole shareholder of Allur-Detroit, Inc., a Delaware Corporation ("Company") at the time of Closing.

WHEREAS, Company currently has 1,050 shares of Preferred Stock issued and outstanding which shall be redeemed by Company simultaneously at the Closing and therefore shall be considered Company treasury stock for purposes of this Agreement.

WHEREAS, Company is the licensee of Station WWBR(FM), Mt. Clemens, Michigan operating on a frequency of 102.7 MHz (the "Station").

WHEREAS, Buyer desires to obtain, and Seller desires to sell to Buyer all of the issued and outstanding shares of the capital stock of the Company.

NOW, THEREFORE, in consideration of the foregoing and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and, intending to be legally bound hereby, the parties agree as follows:

1. RULES OF CONSTRUCTION.

1.1. DEFINED TERMS. As used in this Agreement, the following terms shall

have the following meanings:

"ACCOUNTS RECEIVABLE" means the cash accounts receivable of Company arising from Company's operation of the Station prior to Closing.

"ACCOUNTS PAYABLE" means the liabilities of Company for services received or goods acquired arising from Company's operation of the Station in the normal course of business prior to Closing for which Company has received a bill, but for which payment is not past due.

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"ADMINISTRATIVE VIOLATION" means those violations described in Section 8.5 hereof.

"BUSINESS" means the business of Company consisting primarily of the operation of the Station.

"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 pursuant to Section 2.2.

"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.

"COMPANY" means Allur-Detroit, Inc., a Delaware corporation.

"COMPANY DOCUMENTS" means those documents, agreements and instruments to be executed and delivered by Company in connection with this Agreement as described in Section 5.1.

"CONTINGENT LIABILITY" means the amount of Five Hundred Thousand Dollars (\$500,000) that Seller owes to Buyer upon a sale of the Shares held by Seller or the assets of the Company.

"CONTRACTS" means those contracts, leases and other agreements listed or described in Schedule 5.5 which are in effect on the date hereof and which Buyer has agreed to assume.

"ENCUMBRANCE" means any claim, charge, easement, encumbrance, security interest, lien, option or pledge imposed by agreement or law, except for any restrictions on transfer generally arising under any applicable federal or state securities law.

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"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.

"FCC LICENSES" means all licenses, pending applications, permits and other authorizations issued by the Commission for the operation of the Station listed on Schedule 5.4.

"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 Company's audited and unaudited financial statements, income statements, and balance sheets as described in Section 5.7.

"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, petroleum, oils or petroleum-derived compounds, CFCS, or PCBs.

"IMPROVEMENTS" means all buildings, structures, fixtures, and other improvements now or hereafter actually or constructively attached to the Real Property, and all modifications, additions, restorations, or replacements of the whole or any part thereof.

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"INDEBTEDNESS" means any debt or indebtedness, whether evidenced by a note or otherwise, whether secured or unsecured, in each case for borrowed money.

"INDEMNIFICATION BASKET" means the amount described in Section 10.6.

"INITIAL ESCROW AGENT" means Wilmington Trust Company.

"INITIAL ESCROW AGREEMENT" means the escrow agreement described in Section 3, the form of which is attached as Exhibit 1.

"INITIAL CASH ESCROW DEPOSIT" means Five Hundred Thousand Dollars (\$500,000).

"INITIAL ESCROW DEPOSIT" means the monies deposited with the Initial Escrow Agent as described in Section 3.

"KNOWLEDGE OF BUYER" means the actual knowledge, after reasonable inquiry of Buyer's senior management, and the books and records of Buyer.

"KNOWLEDGE OF COMPANY" means, the actual knowledge, after reasonable inquiry of Company's senior management, and the books and records of the Station, and the actual knowledge of Shareholder of Company.

"LAW" means any constitutional provision, statute or other law, rule, regulation, or interpretation of any Governmental Authority and any order, including any order of any Governmental Authority.

"LOSS" means any action, cost, damage, disbursement, expense, liability, loss, deficiency, diminution in value, obligation, penalty or settlement of any kind or nature, whether foreseeable or unforeseeable, including but not limited to, interest or other carrying costs, penalties, reasonable legal, accounting and other professional fees and expenses incurred in the investigation, collection, prosecution and defense of claims and amounts paid in settlement, that may be imposed on or otherwise incurred or suffered by the specified person.

"MATERIAL CONTRACTS" means those leases, contracts and agreements specifically designated in Schedule 5.5 as being "Material Contracts."

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"POST CLOSING ESCROW ACCOUNT" shall mean the account specified in Section 4.3 created pursuant to the Post Closing Escrow Agreement.

"POST CLOSING ESCROW AGENT" means Wilmington Trust Company.

"POST CLOSING ESCROW AGREEMENT" shall mean the agreement specified in Section 4.3 by and among Shareholder, Buyer and the Post Closing Escrow Agent, dated as of the Closing Date, substantially in the form of Exhibit 2 hereto.

"POST CLOSING ESCROW FUND" shall mean the sum of One Million Dollars (\$1,000,000), which will be deposited in the Post Closing Escrow Account by Buyer from the Purchase Price in accordance with the Post Closing Escrow Agreement and the terms hereof.

"POST CLOSING ESCROW TERMINATION DATE" shall have the meaning specified in Section 4.3.

"PREFERRED STOCK" means the 1,050 shares of stock which will be redeemed prior to Closing and become treasury stock.

"PURCHASE PRICE" shall mean the total consideration for the Shares, as described in Section 4.1.

"REAL PROPERTY" means that certain real property owned, leased or under contract by the Company and used in the operation of the Station as described in Section 5.10.

"SALES AGREEMENTS" means agreements entered into by Company for the sale of time on the Station for cash, as described in Section 5.15.

"SHAREHOLDER" means that entity named in the preamble to this Agreement and also referred to herein as Seller.

"SHARES" means all the issued and outstanding capital stock of the Company to be acquired at Closing consisting of 400 shares of Common Stock of the Company.

"SPECIFIED EVENT" means those broadcast transmission failures described in Section 8.4(b).

"STUDIO SITE" means the real estate located at 850 Stephenson Highway, Troy, Michigan, that is currently used as the Station's studio and office

facilities.

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"TANGIBLE PERSONAL PROPERTY" means all tangible personal property and fixtures used or useful in the operation of the Business, including the property and assets listed or described in Schedule 5.23, together with supplies, inventory, spare parts and replacements thereof and improvements and additions thereto made between the date hereof and the Closing Date.

"TRADE AGREEMENTS" means agreements entered into by Company for the sale of time on the Station in exchange for merchandise or services.

"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 which the Station is entitled prior to Closing 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 exceeds the value of goods and services to which the Station is entitled. The Trade Balance is "positive" if the value of time owed is less than the value of goods and services to which the Station is entitled.

"TRANSACTION" means the sale and purchase and assignments and assumptions contemplated by this Agreement and the respective obligations of Company, Shareholder and Buyer set forth herein.

"TRANSFER OF CONTROL APPLICATION" means the application on FCC Form 315 that Shareholder, Company and Buyer shall join in and file with the Commission requesting its consent to the transfer of control of Company to Buyer.

"WWBR(FM) TRANSMITTER SITE" means the real estate located at Clinton, Michigan that is currently used as the Station's transmitter site.

1.2. OTHER DEFINITIONS. Other capitalized terms used in this Agreement

shall have the meanings ascribed to them herein.

1.3. NUMBER AND GENDER. Whenever the context so requires, words used in

the singular shall be construed to mean or include the plural and vice versa,

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

Paragraphs hereof, the Table of Contents, the Table of Exhibits, and the Table
of Schedules have been included for

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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

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 FCC APPLICATION AND CLOSING.

2.1. FCC APPLICATION. Within ten (10) business days after execution of

this Agreement, Company, Shareholder and Buyer will join in filing the Transfer of Control Application. Each of the parties diligently shall take or cooperate in the taking of all steps which are reasonably necessary or appropriate to expedite the prosecution and grant of the Application. No party by commission or omission shall put in jeopardy its qualifications as a Commission licensee, or impair the routine processing of the Transfer of Control Application. Shareholder will use its best efforts and otherwise cooperate with Buyer in responding to any information requested by the FCC related to the Transfer of Control Application and in defending against any petition, complaint or objection which may be filed against the Transfer of Control Application. In the event the Transfer of Control Application as tendered is rejected for any reason, the party liable for the rejection shall take all reasonable steps to cure the basis for rejection and Company, Shareholder and Buyer shall jointly resubmit the Transfer of Control Application. Company and Buyer shall share equally in the amount of any Commission filing fees.

2.2. FINAL CLOSING DATE. Closing of the Transaction shall take place at

the offices of Kirkland & Ellis, Washington, D.C. on a mutually agreeable date and time which is no more than ten (10) business days after public notice of the FCC's approval of the Transfer of Control Application. Buyer, at its sole option, may

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purchase up to four (4) additional thirty (30) day extensions of time in which to close the Transaction by paying the sum of One Hundred Fifty Thousand Dollars (\$150,000) payable by certified check or cash in advance for each such extension or no such extension shall be granted.

3.0 INITIAL ESCROW DEPOSIT. Simultaneous with the execution of this Agreement,

Buyer shall deposit with Wilmington Trust Company ("Initial Escrow Agent"), a cash deposit of Five Hundred Thousand Dollars (\$500,000) (the "Initial Cash Escrow Deposit"). The Initial Cash Escrow Deposit shall be held in an interest-bearing account with a federally insured financial institution and the Initial Cash Escrow Deposit shall be disbursed by Initial Escrow Agent pursuant to the terms of an escrow agreement in the form attached hereto as Exhibit 1 (the "Initial Escrow Agreement"), which Initial Escrow Agreement has been entered into by Company, Shareholder, Buyer and Initial Escrow Agent simultaneously herewith. The fees, if any, of the Initial Escrow Agent shall be borne equally between Company on the one hand, and Buyer on the other hand.

4.0 PURCHASE PRICE AND METHOD OF PAYMENT.

4.1. CONSIDERATION. The total consideration for the Shares shall be

Twenty-Seven Million Dollars (\$27,000,000) (the "Purchase Price"), payable as set forth in this Section 4.

4.2. PAYMENT AT CLOSING. At Closing, in consideration for acquisition of

the Shares held by Shareholder which are fully paid for and nonassessable and will be duly endorsed to Buyer, Buyer shall pay:

(a) Twenty Six Million Dollars (\$26,000,000) to Shareholder by certified check or wire transfer of same day funds pursuant to wire transfer instructions which shall be delivered by Shareholder to Buyer at least five (5) business days prior to Closing. Of that \$26,000,000, Five Hundred Thousand Dollars (\$500,000) shall come from the Initial Cash Escrow Deposit and Five Hundred Thousand Dollars (\$500,000) shall come from cancellation of the Contingent Liability and such contingency shall be satisfied upon a sale of the Shares to Buyer.

(b) One Million Dollars (\$1,000,000) to the Post Closing Escrow Fund described in Section 4.3.

(c) The parties acknowledge that in addition to acquiring the Shares, Buyer will acquire all cash, cash equivalents

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or similar types of investments and all Accounts Receivable that exist as of the Closing Date up to the aggregate amount of One Million Dollars (\$1,000,000) ("Cash/Receivable Maximum") and any insurance proceeds from settlement and insurance claims made by Company, provided however, up until the

day preceding the Closing Date Seller shall have the right to use all revenues of Company to reduce any outstanding liabilities, obligations, claims, costs or expenses arising from the operation of the Station prior to Closing. Shareholder will be entitled to receive all cash, cash equivalents or similar types of investments and all Accounts Receivable that exist as of the Closing Date and that are in excess of the Cash/Receivable Maximum, if collected by Buyer within six (6) months of Closing. Buyer agrees to use commercially reasonable efforts to collect all outstanding Accounts Receivable of Company within said six (6) months. The parties agree to proceed to Closing based on an estimate of the Cash/Receivable Maximum contained in the pre-closing balance sheet prepared by Company and delivered to Buyer pursuant to Section 9.2(h); provided, however, that the parties recognize that no such

determination shall constitute a waiver of any rights of Buyer under this Agreement, including without limitation, the representations and warranties set forth in Section 5.7. Within thirty (30) days of Closing, Buyer will deliver a post-closing balance sheet as of the Closing Date. If Shareholder does not contest the calculations contained in the post-closing balance sheet, then the post-closing balance sheet shall be considered final. Shareholder shall notify Buyer in writing within ten (10) days of receiving the post-closing balance sheet if it contests the calculations contained in the post-closing balance sheet. If Shareholder and Buyer cannot reach an agreement within twenty (20) days of receiving Shareholder's notice, the parties agree to retain the independent accounting firm of Price Waterhouse within twenty (20) days thereafter or in the event that Price Waterhouse is unavailable to serve as such then to retain the accounting firm of Ernst & Young LLP (whichever of such accounting firms is applicable, the "Accountants"). Buyer and Shareholder shall each assist and cooperate fully in the prompt determination of the correct values and Shareholder shall promptly provide the Accountants and Buyer with full access to such books and records as Buyer or the Accountants may request to make such determination. All fees of the Accountants under this Agreement shall be paid equally by Buyer and Shareholder and any determination of the Accountants provided by this Agreement shall be binding and conclusive on the parties. The Accountants shall make all determinations under this Agreement as promptly as practicable and in any event within 20 days following receipt by the Accountants of all relevant work papers. If the post-closing balance sheet as agreed to by the parties or prepared by the Accountants shows an

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amount below the Cash/Receivable Maximum, then Buyer shall have no further obligation to Shareholder. If the post-closing balance sheet shows an amount above the Cash/Receivable Maximum, then Buyer shall institute a procedure, such procedure to be disclosed to Shareholder, to ensure that once Buyer has actually received funds equal to the Cash/Receivable Maximum, that any funds in excess of the Cash/Receivable Maximum be paid to Shareholder.

4.3. POST CLOSING ESCROW FUND.

(a) At the Closing, Buyer, Shareholder and Post Closing Escrow Agent shall enter into the Post Closing Escrow Agreement in substantially the form of Exhibit 2 into which Buyer shall deposit One Million Dollars (\$1,000,000) (the "Post Closing Escrow Fund") in an account (the "Post Closing Escrow Account") constituting a portion of the Purchase Price being reserved to meet certain obligations of Shareholder. The Post Closing Escrow Fund shall be held and invested in accordance with the terms of the Post Closing Escrow Agreement which shall provide that Six Hundred Fifty Thousand Dollars (\$650,000), less any claims which have been paid or are still in dispute, be released twelve (12) months after Closing and Three Hundred Fifty Thousand Dollars (\$350,000), less any claims which have been paid or are still in dispute, be released eighteen (18) months after Closing (the "Post Closing Escrow Termination Date").

(b) Disbursements from the Post Closing Escrow Account may be made from time to time pursuant to the terms of the Post Closing Escrow Agreement with respect to indemnification obligations pursuant to Section 10.1 hereof after submission to the Post Closing Escrow Agent of a payment notice (the "Payment Notice") substantially in the form attached to the Post Closing Escrow

Agreement.

(c) All interest earned on the Post Closing Escrow Fund shall be paid to Shareholder.

(d) The fees, if any, of the Post-Closing Escrow Agent shall be borne equally between Shareholder on the one hand, and Buyer on the other hand.

5.0 REPRESENTATIONS, WARRANTIES AND COVENANTS OF SHAREHOLDER REGARDING COMPANY.

Shareholder hereby makes to and for the benefit of Buyer, the following representations, warranties and covenants:

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5.1. EXISTENCE, POWER AND IDENTITY. The Company is a corporation duly

organized and validly existing under the laws of the State of Delaware and licensed to do business in the State of Michigan with full corporate power and authority (a) to own, lease and use its properties and assets, (b) to conduct the business and operation of the Station as currently conducted and (c) to execute and deliver this Agreement and each other document, agreement and instrument to be executed and delivered by Company in connection with this Agreement (collectively, the "Company Documents"), and to perform and comply with all of the terms, obligations and covenants to be performed and complied with by Company hereunder and thereunder and (d) true and correct copies of the Company's Certificate of Incorporation and Bylaws are attached to Schedule 5.1. The addresses of Company's operating locations and all of Company's additional places of business, and of all places where any of the tangible personal property of Company is now located, or has been located during the past 180 days, are correctly listed in Schedule 5.1. Except as set forth in Schedule 5.1, during the past five years, Company has not been known by or used, nor, to the best of Company's knowledge, has any prior owner of the Station been known by or used, any corporate, partnership, fictitious or other name in the conduct of the Station's business or in connection with the ownership, use or operation of the Station.

5.2. BINDING EFFECT. The execution, delivery and performance by Company

of this Agreement has been and Company Documents will be duly authorized by all necessary corporate action, and copies of those authorizing resolutions, certified by Company's Secretary shall be delivered to Buyer at Closing. No other corporate action by Company is required for Company's execution, delivery and performance of this Agreement or any of Company Documents. This Agreement has been duly and validly executed and delivered by Company to Buyer and constitutes a legal, valid and binding obligation of Company, enforceable against Company 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.

5.3. NO VIOLATION. Except as set forth on Schedule 5.3, none of (i) the

execution, delivery and performance by Company of this Agreement or any of Company Documents, (ii) the consummation of the Transaction, or (iii) Company'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 (a) Company's

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articles of incorporation or bylaws, (b) any judgment, decree, order, consent, agreement, lease or other instrument (including any Material Contract, Sales Agreement or Trade Agreement) to which Company is a party or by which Company or its Business may be legally bound or affected, or (c) any law, rule, regulation or ordinance of any Governmental Authority applicable to Company or its Business or the operation of the Station.

5.4. GOVERNMENTAL AUTHORIZATIONS. Except for the FCC Licenses listed on

Schedule 5.4, no licenses, permits, or authorizations from any Governmental Authority are required to own, use or operate the Station or to conduct the

Business as currently operated and conducted by Company. The FCC Licenses are all the Commission authorizations held by Company with respect to the Station, and are all the Commission authorizations used in or necessary for the lawful operation of the Station as currently operated by Company. 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 Company, Company's officers, employees or agents. Company has delivered true and complete copies of all FCC Licenses to Buyer. There is not pending or, to the Knowledge of Company, 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 Company, 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 Company or otherwise with respect to the Station. The Station is operating in material compliance with all FCC Licenses, 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. Company has no knowledge of any material 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.

5.5. CONTRACTS. Schedule 5.5 lists all Contracts on behalf of Company.

Shareholder has provided Buyer copies of all such Contracts. The Contracts so furnished to Buyer have not been amended or terminated and are in full force and effect. Except for

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the Contracts listed on Schedule 5.5, as of the date hereof, Company is not a party to nor bound by any Material Contract.

5.6. INSURANCE. Schedule 5.6 lists all insurance policies held by Company

with respect to the Business and operation of the Station. Such insurance policies are in full force and effect, all premiums with respect thereto are currently paid and Company is in compliance with the terms thereof. Company 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. Company will maintain the insurance policies listed on Schedule 5.6 in full force and effect through the Closing Date.

5.7. FINANCIAL STATEMENTS.

(a) Shareholder has furnished Buyer with the audited Financial Statements for the fiscal year 1997 and the unaudited Financial Statements for the years, 1995 and 1996 as well as unaudited Financial Statements for June 30, 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 Company's financial position, income, expenses, assets, liabilities, Shareholder's equity and the results of operations of the Station as of the dates and for the periods indicated. Since December 31, 1997, there has been no material adverse change in the business, assets, properties or condition (financial or otherwise) of the Business since the preparation of the most recent annual Financial Statement. No event has occurred and, Company has no knowledge that prior to Closing, any event will have occurred that would make such Financial Statements misleading in any respect.

(b) Except as reflected in the balance sheets as of June 30, 1998, 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 Station (not including for this purpose any tort-like liabilities or breach of contract) since June 30, 1998, there exist no liabilities or obligations of Company, contingent or absolute, matured or unmatured, known or unknown. Except as set forth on Schedule 5.7(b) since June 30, 1998, (i) Company 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 Company, which is not in the

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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 adverse material change in the Business or in the condition (financial or otherwise) of the Station, (iv) Company has operated the Business in the ordinary course and (v) Company 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 equity and the results of operations of the Station as of the dates and for the periods indicated, subject to year end adjustments which do not materially affect the operations of Company.

(c) Company maintains only the bank accounts as shown in Schedule 5.7(c) and no other bank accounts of any kind. Buyer has been provided with bank statements, dated as indicated on Schedule 5.7(c), related to such accounts (the "Bank Statements"). Except as shown on such Bank Statements or on Schedule 5.7(c), and, with respect to items which have not cleared as of the last Bank Statements, as shown on the Company's cash receipts and disbursements journal, there have been no material receipts or disbursements, whether by cash or check, by the Company of any kind. Since the date of the last of the Bank Statements furnished to Buyer by the Company, no checks have been issued for any purpose other than in the ordinary course of business.

5.8. EMPLOYEES. Except as otherwise listed in Schedule 5.8, (i) no

employee of Company 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 Company, there has been no concerted effort to unionize any of Company's employees and (ii) Company has no other written or oral employment agreement or arrangement, plan or policy with any Company employee, and no written or oral agreement concerning bonus, sick pay, termination, hospitalization, vacation pay, severance pay, or retiree medical coverage. As of this date there is not and at the time of Closing there will not be any consideration of whatever nature due and owing by Company or Shareholder to any employee or former employee of the Company, except as otherwise listed in Schedule 5.8. Included in Schedule 5.8 is a list of all persons currently employed at Company together with an accurate description of the terms and conditions of their respective employment as of the date

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of this Agreement. Company will promptly advise Buyer of any significant changes that occur prior to Closing with respect to such information.

5.9. EMPLOYEE BENEFIT PLANS.

(a) Except as described in Schedule 5.9, neither the Company 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, severance pay, fringe benefit, retiree medical, bonus, stock option, stock purchase, or other "employee benefit plan" within the meaning of ERISA Section 3(3), agreement, commitment, policy or arrangement whether oral or written, and whether provided through the purchase of insurance or otherwise ("Other Plan") for the benefit of any present or former officers, employees, agents, directors, or independent contractors of Company. Shareholder has delivered to Buyer true and complete copies of (1) each Pension Plan, Welfare Plan, and Other Plan (or, in the case of unwritten Other Plans, descriptions thereof), (2) the most recent

annual report on Form 5500 filed with the Internal Revenue Service with respect to each Pension Plan, Welfare Plan, and Other Plan, including all schedules thereto and financial statements with attached opinions of independent accountants (if required by applicable law), (3) summary plan descriptions with respect to such plans, (4) each trust agreement and insurance or annuity contract relating to any Pension Plan, Welfare Plan, or Other Plan, (5) the most recent determination letter applicable to any such plan (if applicable). Except as set forth in Schedule 5.9, there are no negotiations, demands, or proposals that are pending or have been made which concern matters now covered, or that would be covered by plans, agreements, or agreements of the type discussed in this Section. Company 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 Pension Plan, Welfare Plan or Other Plan that is not listed in Schedule 5.9. There are no actions (other than routine claims for benefits) pending or, to the best of the Knowledge of the Company, threatened against such plans or their assets, or arising out of such plans, agreements or arrangements, and to the best of the Knowledge of Company, no facts exist which

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could give rise to any such actions. There are no investigations or audits by any Governmental Authority (including, but not limited to, the Internal Revenue Service or the Department of Labor) involving any Pension Plan, Benefit Plan, or Other Plan. No employee, officer or director of Company shall be entitled to any additional benefits (under a Pension Plan, Welfare Plan, or Other Plan) or any acceleration of the time of the payment or vesting of any Pension Plan as a result of the transactions contemplated by this Agreement. For purposes of this Section 5.9, the term "Affiliate" shall include all persons under common control with Company 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").

(b) Each plan or arrangement listed in Schedule 5.9 (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 respects in material 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 5.9 intended to be a tax-qualified plan has been determined by the Internal Revenue Service to be qualified under Section 401(a) and Section 501(a) 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, and nothing has occurred that resulted or could result in such Pension Plan's being subject to the tax under Section 511 of the Code. Company and the Affiliates have made all required contributions or payments to or under each plan or arrangement listed in Schedule 5.9 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.

(c) The consummation of this Agreement (and the employment by Buyer of former employees of Company 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. With respect to any Pension Plan, Welfare Plan, or Other Plan that is a "plan" within the meaning of Section 4975(e)(1) of the Code or an "employee benefit plan" within the meaning of Section 3(3) of ERISA, no "prohibited transaction" (within the meaning of Section 4975(c)(1) of the Code or Section 406 of ERISA) has occurred. In addition, Company and each

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Affiliate make the following representations as to all of their Pension Plans: (A) neither Company nor any Affiliate has become liable to the PBGC under ERISA under which a lien could attach to the assets of Company or an Affiliate; (B) Company and each Affiliate has not ceased operations at a facility so as to become subject to the provisions of Section 4062(e) of ERISA; (C) neither Company nor any Affiliate has made or will make prior to Closing 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 (D) no Pension Plan of Company constitutes a "multiemployer plan," as defined in Section 3(37) of ERISA, and (E) no Pension Plan is subject to Title

IV of ERISA, Section 302 of the ERISA, or Section 412 of the Code. All group health plans maintained by Company and each Affiliate have been operated in compliance with Section 4980B(f) of the Code. As of the Closing, no employee or qualified beneficiary of Company or Affiliate is receiving or is eligible to receive COBRA group health plan coverage under Section 4980B of the Code. Except to the extent required under Section 4980B of the Code and, pursuant to collective bargaining agreements, with respect to employees subject thereto who have retired, Company has no written health or welfare benefits (through the purchase of insurance or otherwise) for any retired or former employees of Company. Company has made no written agreements, covenants or commitments to provide retiree medical benefits, other than pursuant to collective bargaining agreement, that cannot be terminated at the discretion of the employer. To the best of the Knowledge of Company, there has been no act or omission by Company that has given rise to or may give rise to fines, penalties, taxes, or related charges under Section 502(c), (I), or (1) or Section 4071 of ERISA or Chapter 43 of the Code.

5.10. REAL PROPERTY.

Company has a valid lease to the real property described in Schedule 5.10 (hereinafter "Real Property"). Except as listed on Schedule 5.10, 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

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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 5.10 is the subject of any condemnation or eminent domain proceedings currently instituted or pending, and to the Knowledge of Company, no such proceedings are threatened. There are no condemnation, zoning or other land use regulations proceedings instituted or, to the Knowledge of Company, planned to be instituted, which would materially affect the use and operations of the Real Property for any lawful purpose, and Company 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 Company.

5.11. ENVIRONMENTAL PROTECTION.

(a) There are no pending or, to the Knowledge of Company, threatened actions, suits, claims, legal proceedings or any other proceedings, arising from Company's or Shareholder's activities at or operation or occupation of the Real Property, based on or relating to Hazardous Substances or Environmental Law, or asserting any liabilities under Environmental Law against Company or the Station.

(b) Seller has delivered to Buyer a copy of a Phase I Environmental Site Assessment that was completed on the WWBR Transmitter Site and dated December 13, 1996. Except as set forth in said report, Seller has no knowledge of any conditions which could reasonably give rise to claims, expenses, losses, liabilities, or governmental action against Buyer in connection with any Hazardous Substances present at or disposed of at or from the Real Property, including without limitation the following conditions arising out of, relating to, resulting from, or attributable to, the assets, business, or operations of Company at the Real Property: (i) the presence of any Hazardous Substances on the Real Property, the release or threatened release of any Hazardous Substances into the environment at or from the Real Property, or the migration or threatened migration of Hazardous Substances onto, into, above or under the Real Property; (ii) the off-site disposal of Hazardous Substances originating on or from the Real Property or the Business or operations of Company; (iii) the release or threatened release of any Hazardous Substances into any storm drain, sewer, septic system or publicly owned treatment works; or (iv) any noncompliance with federal, state or local requirements governing occupational safety and health, or presence or release in the air and water supply systems of the Real Property

of any substances that pose a hazard to human health or an impediment to working conditions.

(c) To the Knowledge of Company, Company is not under any obligation, is not liable for, and has not been threatened with any obligation or liability under Environmental Law for any investigation, corrective action, remediation or monitoring of Hazardous Substances in, on, over under or at the Real Property. None of the Real Property is listed or proposed for listing on the National Priorities List pursuant to the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C.(S)9601 et seq., or any similar inventory of sites requiring investigation or remediation maintained by any state. Company has not received any notice, whether oral or written, from any Governmental Authority or third party of any actual or threatened liabilities under Environmental Law with respect to the Real Property, the Station, or the conduct of Company's business.

(d) Company has provided to Buyer all environmental reports, assessments, audits, studies, investigations, data and other written environmental information in its custody, possession or control concerning the Real Property.

(e) The operation of the Station does not cause or result in exposure of workers or the general public to levels of radio frequency radiation in excess of the standards adopted by the FCC in 1996 and explained in OET Bulletin 65, Edition 97-01.

5.12. COMPLIANCE WITH LAW. There is no outstanding complaint, citation,

or notice issued by any Governmental Authority asserting that Company 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 Business or operations of the Station, and subject to disclosures in the schedules hereto, Company is in material compliance with all such laws, regulations, rules, ordinances, decrees, orders and requirements. Without limiting the foregoing:

(a) The Station's 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) Company has, in the conduct of the 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 Company is not liable for any arrears of wages or any tax penalties due to any failure to comply with any of the foregoing.

(c) All ownership reports, employment reports, and other material documents required to be filed by Company 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 Station's local public inspection files have been placed in such files; all proofs of performance and measurements that are required to be made by Company with respect to the Station's transmission facilities have been completed and filed at the Station; and all information contained in the foregoing documents is true, complete and accurate.

(d) Company has paid to the Commission the regulatory fees due for the FCC Licenses for the years 1994-98.

5.13. LITIGATION. Except for proceedings affecting radio broadcasters

generally and except as set forth on Schedule 5.13, there is no litigation, complaint, investigation, suit, claim, action or proceeding pending, or to the

Knowledge of Company, threatened before or by the Commission, any other Governmental Authority, or any arbitrator or other person or entity relating to the Business or the operations of the Station. Except as set forth on Schedule 5.13, there is no other litigation, action, suit, complaint, claim, investigation or proceeding pending, or to the Knowledge of Company, threatened that may give rise to any claim against the Business or Shares or adversely affect Company's ability to consummate the Transaction as provided herein. Company is not aware of any facts that could reasonably result in any such proceedings.

5.14. INSOLVENCY PROCEEDINGS. No insolvency proceedings of any character, including bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting Company, the Business or the Station are pending or, to the Knowledge of Company, threatened. Company has not made an assignment for the benefit of creditors.

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5.15. SALES AGREEMENTS. Except as set forth in Schedule 5.15, the Sales Agreements in existence on the date hereof have been entered into in the ordinary course of the Business, at rates consistent with Company's usual past practices and each Sales Agreement is for a term no longer than 10 weeks or, if longer, is terminable by the Company upon not more than 15 days notice.

5.16. LIABILITIES. There are no known liabilities or obligations of Company relating to the Business or the Station, 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 5.7.

5.17. SUFFICIENCY OF ASSETS. The assets of the Business are and, on the Closing Date will be, sufficient to conduct the operation and business of the Station in the manner in which they have been conducted and are being conducted as of the date of this Agreement provided Buyer enters into leases for the WWBR(FM) Transmitter Site and Studio Site currently being used by the Station to conduct its operations.

5.18. CERTAIN INTERESTS AND RELATED PARTIES. Except as set forth in Schedule 5.18, (i) no Shareholder has any material interest in any assets used in or pertaining to the Business, nor is indebted or otherwise obligated to Company; (ii) Company is not indebted or otherwise obligated to any Shareholder or others except for amounts due under normal arrangements as to salary or reimbursement of ordinary business expenses not unusual in amount or significance; (iii) neither Company nor any Shareholder, officer or director of Company has any interest whatsoever in any corporation, firm, partnership or other business enterprise which has had any business transactions with Company relating to the Business or the Station; and (iv) no Shareholder of Company has entered into any transaction with Company relating to the Business or the Station. Except as disclosed on Schedule 5.18, the consummation of the transactions contemplated by this Agreement will not (either alone, or with the occurrence of any termination or constructive termination of any arrangement, or with the lapse of time, or both) result in any benefit or payment (severance or other) arising or becoming due from Company to Shareholder.

5.19. TAXES. The Company has timely filed with all appropriate Governmental Authority all federal, state, commonwealth, foreign, 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,

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franchise, license, school and any other tax under the laws of the United States or of any state or any municipal entity or of any political subdivision with valid taxing authority) due for all periods ended on or before the date hereof or to become due before the Closing Date. Company has paid in full all federal, state, commonwealth, foreign, local and other governmental taxes, estimated taxes, interest, penalties, assessments and deficiencies (collectively, "Taxes")

including interest and penalties in connection with the foregoing which have become due pursuant to such returns or without returns or pursuant to any assessments received by Company. Such returns and forms are true, correct and complete in all material respects, and Company has no liability for any Taxes in excess of the Taxes shown on such returns. Company is not a party to any pending action or proceeding and, to the Knowledge of Company, there is no action or proceeding threatened by any Governmental Authority against Company for assessment or collection of any Taxes, and no unresolved claim for assessment or collection of any Taxes has been asserted against Company.

5.20. BROKER. There is no broker or finder or other person who would have

any valid claim against any of the parties to this Agreement for a commission or brokerage fee or payment in connection with this Agreement or the transactions contemplated hereby as a result of any agreement of or action taken by Company or Shareholder.

5.21. SUBSIDIARIES. The Company does not have any subsidiaries, does not

hold title to the stock of any other corporation, is not a party to any joint venture agreement and does not have an interest in any general or limited partnership or any other entity.

5.22. STOCK. The authorized capital stock of Company consists of 400

shares of Common Stock and 1,050 shares of Preferred Stock. There are 400 shares of issued and outstanding Common Stock all of which are owned by Shareholder, and 1,050 shares of issued and outstanding Preferred Stock. These 1,050 shares of Preferred Stock shall be redeemed by Company simultaneously with the Closing and therefore will be Company treasury stock as of the Closing. Except as described herein, there are no other shares of capital stock of the Company either authorized or issued. At the Closing, Buyer will acquire good and marketable title to and complete ownership of the Shares, free and clear of any Encumbrance. There are no outstanding stock options or stock appreciation rights granted by Company exercisable now or in the future. Except as set forth on Schedule 5.22, Company has no outstanding subscriptions, warrants, calls, commitments or agreements to issue or to repurchase any

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shares of its stock or other securities, including any right of conversion or exchange under any outstanding security or other instrument. There are no unsatisfied preemptive rights in respect of the Shares.

5.23. PROPERTY. Schedule 5.23 lists the tangible personal property of

Company. Except for capital leases listed in Schedule 5.23, Company has and will have at Closing good, marketable and indefeasible title to all of its assets, free and clear of all Encumbrances of any nature whatsoever, except for taxes, assessments, governmental charges or levies on its property, which such assessments, governmental charges or levies shall not at the time be due and delinquent except as permitted by agreement between the parties. Except as disclosed separately in Schedule 5.23, the assets currently used in the Business are in working condition and are in operation and use in the ordinary course of the Business and are sufficient for the operation of the Business as currently conducted.

5.24. CORPORATE RECORDS. The corporate records of Company have been made

available to Buyer and accurately represent the status of Company.

5.25. DIVIDENDS AND OTHER DISTRIBUTIONS. There has been no dividend or

other distribution by Company of cash, assets or securities of the Company whether consisting of money, property or any other thing of value, declared, issued or paid subsequent to June 30, 1998.

5.26. PROMOTIONAL RIGHTS. The Intellectual Property set forth on Schedule

5.26 includes all call signs and trademarks that Company holds title to and that are used to promote or identify the Station. Except as set forth on Schedule 5.26, Company 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 Station in the metropolitan Detroit area that may

be confusingly similar to those currently used by the Station. Except as set forth on Schedule 5.26, to the Knowledge of Company, the operations of the Station do not infringe, and no one has asserted to Company that such operations infringe, any copyright, trademark, trade name, service mark or other similar right of any other party.

5.27. INDEBTEDNESS. As of Closing, Company will have no Indebtedness and

except as set forth in Schedule 5.23, there will be no Encumbrances on its assets.

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5.28. NO MISLEADING STATEMENTS. No provision of this Agreement relating

to Company, the Business, or Station or any other document, Schedule, Exhibit or other information furnished by Company to Buyer in connection with the execution, delivery and performance of this Agreement, or the consummation of the transactions contemplated hereby, contains or will 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. In connection with the preparation of this Agreement and the documents, descriptions, opinions, certificates, Exhibits, Schedules or written material prepared by Company and appended hereto or delivered or to be delivered hereunder, Shareholder represents and warrants that it has disclosed, and agree it will continue to disclose to Buyer, any fact so as to ensure the continuing accuracy of the representations and warranties contained in this Section 5. All Exhibits and Schedules attached hereto are materially accurate and complete as of the date hereof.

6.0 REPRESENTATIONS, WARRANTIES AND COVENANTS OF SHAREHOLDER REGARDING THE

SHARES. Shareholder hereby makes to and for the benefit of Buyer, the

following representations, warranties and covenants:

6.1. BINDING EFFECT. This Agreement has been duly and validly executed

and delivered by Shareholder to Buyer, Shareholder has the authority to enter into and to execute this Agreement without further action or approval of any party or Governmental Authority and it constitutes a legal, valid and binding obligation of Shareholder, enforceable against it 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.

6.2. NO VIOLATION. None of (i) the execution, delivery and performance

by Shareholder of this Agreement or any of Company Documents, (ii) the consummation of the Transaction, or (iii) Shareholder'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 (a) organizational documents governing Shareholder, (b) any judgment, decree, order, consent, agreement, lease or other instrument to which Shareholder is a party or by which Shareholder may be legally bound or affected, or (c) any law,

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rule, regulation or ordinance of any Governmental Authority applicable to Shareholder.

6.3. OWNERSHIP OF STOCK. Shareholder holds title to 400 shares of

Common Stock. Such Shares are owned free and clear of any Encumbrances. The Shares are validly issued, fully paid and nonassessable. There are no outstanding stock options or stock appreciation rights granted by Shareholder to any person or entity exercisable now or in the future. All Shares owned by Shareholder shall be delivered to Buyer at Closing duly endorsed in blank. Except as disclosed in Schedule 6.3, no Shareholder has any outstanding subscriptions, warrants, calls, commitments or agreements to issue or to

repurchase any shares of its stock or other securities, including any right of conversion or exchange under any outstanding security or other instrument. There are no unsatisfied preemptive rights to which Shareholder is entitled and any preemptive rights accorded Shareholder pursuant to the Certificate of Incorporation or any other corporate document is hereby forever waived by Shareholder for purposes of this Agreement. There are no Encumbrances on the Shares.

6.4. COOPERATION. Shareholder acknowledges that this Agreement requires

that Company take or refrain from taking certain actions. Shareholder agrees to take those steps which are necessary to cause Company to take or refrain from taking those actions.

7.0 BUYER'S REPRESENTATIONS, WARRANTIES AND COVENANTS. Buyer hereby makes to

and for the benefit of Company and Shareholder, the following representations, warranties and covenants:

7.1. EXISTENCE AND POWER. Buyer is a corporation duly organized,

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.

7.2. BINDING EFFECT. The execution, delivery and performance by Buyer

of 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 Company at Closing. No other corporate action by Buyer is required for Buyer's execution, delivery and performance of this Agreement or any of the Buyer Documents. This Agreement has been, and each of the Buyer Documents will be, duly and validly executed and delivered by Buyer

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to Shareholder 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. None of (i) the execution, delivery and performance

by Buyer of this Agreement or any of the Buyer Documents, (ii) the consummation of the Transaction, or (iii) Buyer's compliance with the terms and 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 (a) Buyer's certificate of incorporation or by-laws or (b) any judgment, decree, order, consent agreement, lease or other instrument to which Buyer is a party or by which Buyer is legally bound, provided, that, Buyer must obtain an

opinion from a nationally recognized investment bank that the purchase of the Shares is fair to Buyer ("Fairness Opinion").

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. Buyer is not aware of any facts that could reasonably result in any such proceedings.

7.5. LICENSEE QUALIFICATIONS. To the Knowledge of Buyer there is no

fact that would, under the rules and regulations of the Commission, disqualify Buyer from being the transferee of the Shares or the owner and operator of the Station. Should Buyer become aware of any such fact, it will so inform Company, and Buyer will use commercially reasonable efforts to remove any such disqualification. Buyer will not take any action that Buyer knows, or has reason to believe, would result in such disqualification.

7.6. BROKER. Buyer has not incurred any obligation for any finder's or

broker's or agent's fees or commissions or similar compensation in connection with the Transaction contemplated hereby for which Company or Shareholder may have any liability or obligation.

8.0 COVENANTS WITH RESPECT TO CONDUCT OF THE COMPANY AND SHAREHOLDER.

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8.1. ACCESS. Between the date hereof and the Closing Date, Company

shall give Buyer and representatives of Buyer reasonable access to the Business, the Station, the employees of Company and the books and records of Company relating to the Business and the operation of the Station. It is expressly understood that, pursuant to this Section, Buyer, at its expense, shall be entitled to conduct such engineering inspections of the Station, surveys of the Studio Site and the WWBR(FM) Transmitter Site and such reviews of Company's financial records as Buyer may desire, so long as the same do not unreasonably interfere with Company's operation of the Business. No inspection or investigation made by or on behalf of Buyer, or Buyer's failure to make any inspection or investigation, shall affect Shareholder's representations, warranties and covenants hereunder or be deemed to constitute a waiver of any of those representations, warranties and covenants.

8.2. MATERIAL ADVERSE CHANGES; FINANCIAL STATEMENTS. Through the

Closing Date:

(a) Shareholder or Company shall promptly notify Buyer of any event of which they obtain knowledge which has caused or is likely to cause a material adverse change to the Business.

(b) Shareholder or Company shall furnish to Buyer (i) monthly Financial Statements for Company and (ii) such other reports as Buyer may reasonably request relating to Company. Each of the financial statements delivered pursuant to this Section 8.2(b) shall be prepared in accordance with GAAP consistently applied during the periods covered (except as disclosed therein).

(c) Shareholder or Company shall promptly furnish to Buyer all Tax Returns or excerpts thereof filed with any Governmental Authority relating to Company.

8.3. CONDUCT OF BUSINESS. Between the date that this Agreement is

executed and the Closing Date, Shareholder and Company covenant and agree that neither Company nor Shareholder shall without the prior written consent of Buyer:

(a) conduct the Business in any manner except in the ordinary course consistent with past practices;

(b) issue, sell or deliver, transfer, split, reclassify, combine or otherwise adjust, or pledge any stock, bonds or other securities of which Company is the issuer (whether authorized and unissued or held in treasury), or grant or issue any options,

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warrants or other rights (including convertible securities) calling for the issue thereof;

(c) borrow any funds or incur, assume or become subject to, whether directly or by way of guarantee or otherwise, any obligation or liability (absolute or contingent), except with respect to trade payables arising in the ordinary course of business and consistent with past amounts and practice;

(d) mortgage or pledge any of Company's assets, tangible or intangible;

(e) except in the ordinary course of business, sell, lease, exchange or otherwise transfer, or agree to sell, lease, exchange or otherwise transfer, any of Company's assets, property or rights or cancel any debts or claims;

(f) grant any right of first refusal, option or similar contract to purchase any of the assets, property or rights used in the Business or held by Company;

(g) except in the ordinary course of business or as required by Law, make or agree to any material amendment to any FCC License relating to the Business or to which Company is a party;

(h) 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;

(i) grant any increase in pay or bonuses to any employees of the Station;

(j) 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) make any tax election inconsistent with past practice or Buyer's interests, or except as required by Law or GAAP, make any material alteration in the manner of keeping its books, accounts or records, or in the accounting practices therein reflected;

(l) solicit, either directly or indirectly, initiate, encourage or accept any offer for the purchase or acquisition of

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the Business, Company or any of their respective assets by any party other than Buyer;

(m) set aside or pay any dividend or make any distribution in respect of the Shares or make any other distributions of Company's assets, whether consisting of money, property or any other thing of value;

(n) amend or alter the Certificate of Incorporation or Bylaws or other charter documents of Company;

(o) enter into, extend (except as required by the terms thereof) or amend any Contract;

(p) except for an agreement to redeem the 1,050 shares of Preferred Stock, enter into any other transactions involving liabilities or obligations of more than \$10,000 on the part of Company;

(q) terminate without comparable replacement or fail to renew any insurance coverage applicable to the assets or properties of Company;

(r) compromise or settle any claims or rights for or having a value, in excess of \$10,000;

(s) take any action or fail to take any action that would cause the Company or Shareholder to breach the representations, warranties and covenants contained in this Agreement;

(t) make any charitable contributions in excess of Three Hundred Thousand Dollars (\$300,000);

(u) disburse in any manner any proceeds in excess of \$5,000 from the sale of the Company's assets;

(v) create any Accounts Receivable that are not bona fide or settle

or compromise any Accounts Receivable except in the ordinary course of business and consistent with past practice; or

(w) enter into any transaction which would constitute an Accounts Payable except in the ordinary course of business and consistent with past practice.

8.4. DAMAGE.

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(A) RISK OF LOSS. The risk of loss or damage, confiscation or

condemnation of the Business, the Station and all associated assets shall be borne by Company at all times prior to Closing. In the event of material loss or damage, Company 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 Fifty Thousand Dollars (\$50,000) or less, and Company 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 net of any insurance proceeds paid or expected to be paid in connection therewith which are delivered to Buyer. If the cost to repair, replace, or restore the lost or damaged property exceeds Fifty Thousand Dollars (\$50,000), and Company has not repaired, replaced or restored such property prior to the Closing Date to the 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 notwithstanding any other provision contained herein to the contrary, Shareholder 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 Company 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 Initial 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, except that Buyer shall be entitled to demand current payment of the Contingent Liability.

(B) FAILURE OF BROADCAST TRANSMISSIONS. Company 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 four (4) hours: (i) the transmission of regular

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broadcast programming of the Station in the normal and usual manner is interrupted or discontinued; or (ii) the Station 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, the Station has not operated at its licensed operating parameters for more than thirty-six (36) hours (or, in the event of force majeure or utility failure

affecting generally the market served by the Station, ninety-six (96) 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 four (4) consecutive hours, then Buyer may, at its option: (i) terminate this Agreement, or (ii) proceed in the manner set forth in Section 8.4(a)(1) or 8.4(a)(2). In the event of termination of this Agreement by Buyer pursuant to this Section, the Initial 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, except that Buyer shall be entitled to demand current payment of the Contingent Liability.

(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 Company 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 Company, or by Shareholder if such resolution is initiated after the Closing, and Buyer.

8.5. ADMINISTRATIVE VIOLATIONS. If Company receives any finding, order, -----
complaint, citation or notice prior to Closing which states that any aspect of the Business' operation 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 protection, the employment of labor or equal employment opportunity, Company shall promptly notify Buyer of the Administrative Violation, use its commercially reasonable 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.

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8.6. CONTROL OF STATION. 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, Shareholder shall control, supervise and direct the operation of the Station.

8.7. COOPERATION WITH RESPECT TO FINANCIAL AND TAX MATTERS. Between the -----
date hereof and the Closing Date, Company, its Shareholder, officers, directors and employees shall cooperate and Company 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 1997 and the unaudited Financial Statements for the years 1995 and 1996 as well as unaudited Financial Statements for June 30, 1998, in any reports filed by the Buyer with any Governmental Authority.

8.8. CLOSING OBLIGATIONS. Company and Shareholder shall make commercially -----
reasonable efforts to satisfy the conditions precedent to Closing.

8.9. ENVIRONMENTAL ASSESSMENT. Within thirty (30) days after filing the -----
Transfer of Control Application, Buyer may retain, at its expense, an environmental assessment firm to perform a Phase I and Phase II Environmental Assessment of the Real Property. Company and Shareholder agree to cooperate and Company agrees to cause its officers, directors, employees, agents and representatives to cooperate with Buyer and such firm in performing such Environmental Assessment. Buyer shall provide a copy of such Environmental Assessment to Company and Shareholder but such delivery shall not relieve Shareholder of any obligation with respect to any representation, warranty or covenant in this Agreement or waive any condition to Buyer's obligations under this Agreement. If the Environmental Assessment shows the presence of any additional condition other than as set forth in the Phase I Environmental Site Assessment referred to in Section 5.11(b) hereof, that must be cured or removed at a cost in excess of Ten Thousand Dollars (\$10,000), then Buyer may terminate this Agreement, in which event the Initial 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, except that Buyer shall be entitled to demand current payment of the Contingent Liability.

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9.0 CONDITIONS PRECEDENT.

9.1. MUTUAL CONDITIONS. The respective obligations of Buyer, Shareholder -----
and Company to consummate the Transaction are subject to the satisfaction of each of the following conditions:

(A) APPROVAL OF TRANSFER OF CONTROL APPLICATION. The Commission

shall have granted the Transfer of Control 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 Paragraph 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.

9.2. ADDITIONAL CONDITIONS TO BUYER'S OBLIGATION.

In addition to the satisfaction of the mutual conditions contained in Section 9.1, 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 Company and Shareholder 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, except to the extent that any representation or warranty is made as of a specified date, in which case such representation or warranty shall be true in all material respects as of such date.

(B) COMPLIANCE WITH CONDITIONS. All of the terms, conditions and

covenants to be complied with or performed by Company and Shareholder on or before the Closing Date under this Agreement and Company Documents shall have been duly complied with and performed in all material respects.

(C) DISCHARGE OF LIENS.

(1) Company shall have obtained and delivered to Buyer, at Company's expense, at least 10 days prior to Closing, a

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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 in the State of Michigan and Macomb, Oakland and Wayne Counties, demonstrating that Company, Real Property, Shares and Business are free and clear of all Encumbrances except for Encumbrances to be discharged at Closing using the proceeds from the Purchase Price and that there are no judgments or pending litigation. The record searches described in the report shall have taken place no more than 15 days prior to the Closing Date.

(2) Subject to using a portion of the Purchase Price for payment of all Indebtedness of the Company, Company shall have no Indebtedness and shall have received a certificate, dated the Closing Date, and signed by the President of Company to the effect that Company has no Indebtedness. Buyer shall also have received such releases and UCC termination statements as are necessary to discharge of any Indebtedness.

(D) THIRD-PARTY CONSENTS. Company shall have obtained any requisite

third-party consents and approvals for Material Contracts which may be necessary to consummate the Transaction.

(E) ESTOPPEL CERTIFICATES. Subject to disclosures on Schedule 9.2(e),

at Closing Company shall deliver to Buyer a certificate executed by the other party to each Material Contract, 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; (iii) that Company 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 Company.

(F) NO MATERIAL ADVERSE CHANGE. Neither the Station nor the Business

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 Company, except changes specifically required by this Agreement and changes which are not (either individually or in the aggregate) materially adverse to Company, the Business or the Station.

(G) FINANCIAL STATEMENTS. The financial information set forth in the

Station's Financial Statements for the year ending December 31, 1997, and for the period ending thirty (30) days prior

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to the Closing Date fairly and accurately reflect the financial performance and results of operation of the Business for those periods.

(H) CASH AND ACCOUNTS RECEIVABLE CALCULATION. Company shall have

delivered to Buyer at least five (5) days prior to Closing, a pre-closing balance sheet as of a date which is no more than fifteen (15) days before the Closing Date which includes a good faith estimate calculated in accordance with the Company's normal and customary practice of the Company's Accounts Receivable and cash balance as of the Closing, which such Accounts Receivable and cash shall remain with Company at Closing.

(I) SALES AND CUSTOMER INFORMATION. The sales and customer

information provided are accurate and complete in all material respects.

(J) OPINION OF COMPANY'S COUNSEL. At Closing, Company and Shareholder

shall deliver to Buyer the written opinion or opinions of Company's counsel, dated the Closing Date, in scope and form satisfactory to Buyer, to the following effect:

(1) Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with all requisite corporate power and authority to enter into and perform this Agreement.

(2) This Agreement has been duly executed and delivered by Shareholder and such action has been duly authorized by all necessary corporate action. This Agreement constitutes the legal, valid, and binding obligation of the Shareholder, enforceable against Company and Shareholder 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.

(3) 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 Company's certificate 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 known to counsel to which Company or

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Shareholder is a party or by which Company, or Shareholder, the Business or the Station, may be bound or affected.

(4) To such counsel's knowledge, based on a search of court dockets as shall be reasonably satisfactory to Buyer's counsel, no suit, action, claim or proceeding is pending or threatened that questions or may affect the validity of any action to be taken by Company pursuant to this Agreement or that

seeks to enjoin, restrain or prohibit Company from carrying out the Transaction.

(5) To such counsel's knowledge, based on a search of court dockets as shall be reasonably satisfactory to Buyer's counsel, there is no outstanding judgment, or any suit, action, claim or proceeding pending, threatened or deemed by Company'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 Company, the Business or upon the business or operations of the Station after Closing.

(6) Company 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 5.4 constitute all FCC licenses and authorizations issued in connection with the operation of the Station and are the only such licenses and authorizations required for the operation of the Station, as currently operated. There are no applications pending before the Commission with respect to the Station.

(7) The Commission has consented to the assignment of the FCC Licenses to Buyer and that consent is in full force and effect on the Closing Date.

(8) 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 Station, or any complaint, petition to deny or proceeding against or involving Company or the Station pending before the Commission.

(9) Shareholder holds title to 400 shares of Common Stock and such Shares are owned free and clear of any Encumbrances. The Shares are validly issued, fully paid and nonassessable. The Shares represent all the issued and outstanding capital stock of the Company. There are no outstanding stock options or stock appreciation rights granted by any Shareholder or

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Company to any person or entity exercisable now or in the future. Shareholder has no outstanding subscriptions, warrants, calls, commitments or agreements to issue or to repurchase any shares of its stock or other securities, including any right of conversion or exchange under any outstanding security or other instrument. There are no unsatisfied preemptive rights to which Shareholder is entitled and any preemptive rights accorded Shareholder pursuant to the Certificate of Incorporation shall be waived for purposes of this Agreement.

The foregoing opinions shall be for the benefit of and may be relied on by Buyer and Buyer's lenders. In rendering such opinions, Company's counsel may rely upon such corporate records of Company and such certificates of public officials and officers of Company.

(K) PREFERRED STOCK. Shareholder shall have redeemed the 1,050 shares

of Preferred Stock and all such obligations to be satisfied in exchange for such redemption shall have been satisfied in full.

(L) CLOSING DOCUMENTS. At the Closing, Company and Shareholder shall

deliver to Buyer (i) such instruments of conveyance as are necessary to vest in Buyer title to the Shares, all of which documents shall be dated as of the Closing Date, duly executed by Company and/or Shareholder and in form acceptable to Buyer; (ii) a certificate, dated the Closing Date, executed by Company's President certifying as to those matters set forth in Section 9.2(a) and (b); (iii) copies of Company's corporate resolutions authorizing the Transaction, each certified as to accuracy and completeness by Company's Secretary; and (iv) an Unwind Agreement.

(M) RESIGNATION OF DIRECTORS AND OFFICERS. Documentation shall be

provided showing that the number of directors is consistent with the Company's governing documents and that the current officers and directors were duly elected. All the directors and officers of Company who will be identified in an Incumbency Certificate executed by the President shall have submitted their resignations in writing to Company. Such resignations shall be effective as of

the Closing Date.

(N) STOCK CERTIFICATES. Buyer shall receive at Closing duly executed

stock certificates duly endorsed in blank documenting transfer of the Shares to Buyer, free of any Encumbrances, and such certificates shall represent all the issued and outstanding capital stock of the Company.

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(O) CORPORATE RECORDS. Buyer shall receive at Closing the original

corporate records of Company and original copies of the Station's Records.

(P) BANK ACCOUNTS/INSURANCE POLICIES. Buyer shall receive at Closing

the cash and cash equivalents on hand or in bank accounts and other cash items and investment securities of Company, and all contracts of insurance (including any cash surrender value thereof).

(Q) WARRANT. The warrant held by Syndicated Communications Venture

Partners III, L.P. to acquire shares of Common Stock of Company representing four percent of the equity of the Company shall have been cancelled or satisfied so that Company has no further obligation to Syndicated Communications Venture Partners III, L.P. under the terms of the warrant and should any shares be issued in satisfaction of the warrant such shares shall be assigned and delivered to Buyer at Closing.

(R) LEASE. American Signaling Corporation, the owner of the WWBR(FM)

Transmitter Site, shall have entered into a written lease for the real property described in Section 5.10 and any equipment associated with the operation of the Station at that site for a minimum of ten years, with one five year option, and for a commercially reasonable monthly rental rate, such lease to contain commercially reasonable annual increases to the monthly rental rate.

(S) ACCOUNTS PAYABLE. Shareholder shall deliver a document stating

that there are no amounts to be paid to vendors whether or not within the normal course of business other than the Accounts Payable.

(T) TRADE BALANCE. The Trade Balance, if negative, will not exceed

Five Thousand Dollars (\$5,000).

(U) LICENSES. Approval to assign or transfer any licenses,

authorizations or permits issued by a Governmental Authority and used in the operation of the Station shall have been granted and such licenses, authorizations and permits shall be assigned to Buyer to the extent such assignment is required by law.

(V) RADIOFREQUENCY RADIATION. The operation of the Station does not

cause or result in exposure of workers or the general public to levels of radio frequency radiation in excess of

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the standards adopted by the FCC in 1996 and explained in OET Bulletin 65, Edition 97-01.

(W) TAXES. Company shall have delivered to Buyer ten (10) days prior

to Closing a certificate signed by the President of the Company stating that to the Knowledge of the Company, except as disclosed in the certificate, all Tax Returns for the Company that would be due before the Closing Date without filing for an extension have been filed and all Taxes due (except for Taxes being contested in good faith and by appropriate proceedings and for which adequate reserves have been established and are being maintained), plus any interest and penalties that have been assessed, have been paid in full.

(X) COMPENSATION. Company shall have satisfied all amounts due

employees for compensation, whether pursuant to the terms of a written agreement
or otherwise, including bonuses and reimbursement of expenses, that have accrued
as of the Closing.

(Y) CONFIDENTIAL INFORMATION. Shareholder will deliver to Buyer all

documents or papers (including diskettes or other medium for electronic storage
of information) relating to trade secrets or other confidential information
relative to the business or any proprietary rights of Company that are in their
possession or under their control without making copies or summaries of any such
material.

(Z) RELEASES. Shareholder shall deliver releases executed by such

Shareholder and PNC Bank, former holder of 1,050 shares of the Preferred Stock,
stating that neither has any claims against Company, and stating that the
Shareholders' Agreement of December 4, 1992 has been terminated.

(AA) FAIRNESS OPINION. Buyer has obtained the Fairness Opinion

referred to in Section 7.3(b).

9.3. ADDITIONAL CONDITIONS TO COMPANY'S AND SHAREHOLDER'S OBLIGATION.

In addition to satisfaction of the mutual conditions contained in Section 9.1
the obligation of Company and Shareholder to consummate the Transaction is
subject, at Shareholder's option, to the satisfaction or waiver by Shareholder
of each of the following conditions:

(A) REPRESENTATIONS AND WARRANTIES. The representations and

warranties of Buyer to Company and Shareholder 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, except to the

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extent that any representation or warranty is made as of a specified date, in
which case such representation or warranty shall be true in all material
respects as of such date.

(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) PAYMENT. Buyer shall pay Shareholder the Purchase Price due at

Closing as provided in Section 4.2.

(D) CLOSING DOCUMENTS. Buyer shall deliver to Shareholder at the

Closing (i) copies of Buyer's corporate resolutions authorizing the Transaction
certified as to accuracy and completeness by Buyer's Secretary; (ii) a
certificate, dated the Closing Date, executed by Buyer's President certifying as
to those matters set forth in Section 9.3(a) and (b); and (iii) an Unwind
Agreement.

10.0 INDEMNIFICATION/POST-CLOSING OBLIGATIONS.

10.1. OBLIGATIONS OF SHAREHOLDER. Subject to the limitations of Sections

10.6, Shareholder agrees to and shall indemnify and hold harmless (after the
Closing) Buyer, and its respective directors, officers, employees, affiliates,
agents and assigns from and against any and all Loss of Buyer or Company,
directly or indirectly, resulting from, based upon or arising out of:

(a) any inaccuracy in or breach of any of the representations or
warranties made by Company or Shareholder in or pursuant to this Agreement; or

(b) the failure to perform any covenant of this Agreement; or

(c) any liability for Taxes or Indebtedness of Company incurred prior to the Closing; or

(d) third party claims resulting from the actions of Shareholder or Company in the conduct of the Business prior to the Closing including, but not limited to, those claims described in Schedule 5.13; or

(e) any and all violations of or liabilities under Environmental Law that (i) relate to the Real Property or Company

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and arise on or before the Closing or (ii) arise from or relate to conditions, actions, activities or operations, whether conducted by, caused by or attributable to Company, Shareholder or any entity acting on behalf of Company, on or before Closing; or

(f) any damages, penalties and taxes arising from any breach of ERISA fiduciary duty or ERISA prohibited transaction occurring before the Closing; or

(g) all compensation, benefits, and claims arising out of the employment or termination of employment by employees of Company before Closing.

10.2. OBLIGATIONS OF BUYER. Buyer agrees to indemnify and hold

harmless (after the Closing) Shareholder from and against any Loss of Shareholder, directly or indirectly, resulting from, based upon or arising out of:

(a) any inaccuracy in or breach of any of the representations, or warranties, made by Buyer in this Agreement; or

(b) except as to matters as to which Buyer is indemnified under the terms of Section 10.1, third party claims (in contract, tort or otherwise) resulting from the actions of Buyer and its conduct of the Business after Closing; or

(c) any liability for Taxes or Indebtedness of Company incurred after the Closing.

10.3. PROCEDURE FOR INDEMNIFICATION. The procedure for indemnification

shall be as follows:

(a) 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. If Indemnitor is prejudiced, the Claimant's right to indemnification shall be reduced according to the extent of the prejudice caused by the delay.

(b) 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

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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.

(c) 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 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 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 10.3 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. If any disagreement arises in the joint handling of the claim, the Indemnitor shall have the right to make the final determination consistent with the requirements of this section.

(d) If any payment is made pursuant to this Section, 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

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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.

10.4. REMEDIES CUMULATIVE. Each party to this Agreement shall have and

retain all rights and remedies set forth in this Agreement and all of the rights and remedies such parties have at law or equity.

10.5. NOTICE. Each party agrees to notify the other of any liabilities,

claims or misrepresentations, breaches or other matters covered by this Section 10 upon discovery or receipt of notice thereof.

10.6. THRESHOLD CONCERNING SECTIONS 10.1 AND 10.2. Notwithstanding

anything to the contrary in Sections 10.1 and 10.2, the parties shall not be entitled to indemnity under Sections 10.1 and 10.2 unless the aggregate Loss indemnified against thereunder exceeds \$25,000.00 (in which case, the Claimant shall be entitled to recovery from the Indemnitor of the full amount of the Loss). However, the threshold required by the preceding sentence shall not limit in any way Buyer's or Shareholder's rights under Section 10.3.

10.7. SURVIVAL OF REPRESENTATIONS. The representations and warranties of

the parties set forth in this Agreement or in any certificate, document or instrument delivered in connection herewith shall survive the execution and delivery of this Agreement and the Closing hereunder for a period of eighteen (18) months from the Closing Date.

10.8. TAX RETURNS.

(a) Preparation and Filing of Returns for Pre-Closing Periods.

Shareholder shall be responsible for the initial preparation of all Federal, State, commonwealth, foreign and local income tax returns of Company for taxable periods actually ending on or before the Closing Date. Buyer shall have the

right, directly and through its designated representatives, to review at its expense any such returns that pertain to Company at least 30 days prior to the due date of the return. Shareholder agrees not to take, or cause Company to take, any position or make any election on any such return inconsistent with prior reporting practices without the prior written consent of Buyer, if the effect of any

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such election or position may be to increase the Taxes of Company thereof from taxable periods (or portions thereof) beginning after the Closing Date or to file an extension on the due date for any tax return or to file an amended return without first obtaining Buyer's consent. Shareholder will forward any "separate company" state and local returns due after the Closing Date to Buyer, together with any necessary payment of Tax, interest or penalties, if applicable, for signature and filing at least 15 days prior to the due date of such returns.

(b) Preparation and Filing of Returns for Post-Closing Periods. Buyer

shall cause to be prepared, and filed, all income tax returns of Company for all taxable periods ending after the Closing.

10.9. ALLOCATION OF TAX LIABILITY.

(a) To the extent permitted by applicable law, the parties hereto agree to cause federal, state and local tax periods of Company to be closed at the close of business on the Closing Date. In the event applicable law does not permit the closing of any such period, the allocation of tax liability shall be made in accordance with Section 10.9(b).

(b) In the case of a tax return for the taxable period beginning before and ending after the Closing Date ("Overlap Period") based upon income or gross receipts, the amount of taxes attributable to any Pre-Closing Period or Post-Closing Period included in the Overlap Period shall be determined by closing the books of Company as of the close of business on the Closing Date and by treating each of such Pre-Closing Period and Post-Closing Period as a separate taxable year, except that exemptions, allowances or deductions that are calculated on an annual basis shall be apportioned on a per diem basis. If the liability for the Taxes for an Overlap Period is determined on a basis other than income or gross receipts, the amount of Taxes attributable to any Pre-Closing Period included in the Overlap Period shall be equal to the amount of Taxes for the Overlap Period multiplied by a fraction, the numerator of which is the number of days in the Pre-Closing Period included in the Overlap Period and the denominator of which is the total number of days in the Overlap Period, and the amount of such Taxes attributable to any Post-Closing Period included in an Overlap Period shall be the excess of the amount of Taxes for the Overlap Period over the amount of Taxes attributable to the Pre-Closing Period. Shareholder shall be responsible for Taxes due for the Pre-Closing Period and Buyer shall be responsible for Taxes due for the Post-Closing Period.

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10.10. COOPERATION WITH RESPECT TO FINANCIAL AND TAX MATTERS. From the

date of Closing and for a period of three (3) years thereafter, Shareholder shall provide Buyer with such cooperation and information as Buyer shall reasonably request in Buyer's: (i) filing of any tax return, amended return or claim or refund, (ii) determining a liability for Taxes or a right to a refund of Taxes, (iii) participating in or conducting any audit or proceeding in respect of Taxes, (iv) analysis and review of the Financial Statements or (v) preparation of documentation to fulfill any reporting requirements of Buyer including reports that may be filed with the Securities and Exchange Commission. Such cooperation and information shall include providing copies of relevant tax returns or portions thereof, together with the accompanying schedules and related work papers and documents relating to rulings or other determinations by tax authorities. Shareholder shall make itself and Company's 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 Company, to provide explanations of any documents or information provided hereunder and to permit disclosure by Buyer, including disclosure to any Governmental Authority.

10.11. NONDISCLOSURE AND CONFIDENTIALITY. Shareholder agrees that it will

not after Closing use or disclose to others any trade secrets or other confidential information about the business or any proprietary rights of Company; provided, however, that such agreement shall not apply to trade secrets

or other confidential information that Shareholder is obligated to disclose by a court of competent jurisdiction, or which lawfully becomes available to the public other than as a result of a disclosure by Shareholder. If this Agreement is terminated prior to the Closing Date, each party shall deliver, and cause its officers, employees, agents, and representatives, including, without limitation, attorneys, accountants, consultants and financial advisors who obtain confidential information of another party pursuant to investigations permitted hereunder to deliver to such other party all such confidential information that is written (including copies or extracts thereof), whether such confidential information was obtained before or after the execution hereof.

11.0 DEFAULT AND REMEDIES.

11.1. OPPORTUNITY TO CURE. If any party believes the other to be in

breach hereunder, the former party shall provide the other with written notice specifying in reasonable detail the

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nature of such breach. If the breach has not been cured by the earlier of: (i) the Closing Date, or (ii) within thirty (30) days after delivery of that notice (or such additional reasonable time as the circumstances may warrant provided the party in breach undertakes diligent, good faith efforts to cure the breach within such thirty (30) day period and continues such efforts thereafter), then the party giving such notice may consider the other party to be in default and 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.

11.2. SHAREHOLDER'S REMEDIES. Buyer recognizes that if the Transaction

is not consummated as a result of Buyer's default, Shareholder 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, Shareholder, provided that neither Company nor Shareholder are in default or has otherwise failed to comply with their respective obligations under this Agreement, shall be entitled to the Initial Cash Escrow Deposit, with interest earned thereon and to cancellation of the Contingent Liability. The parties agree that this sum shall constitute liquidated damages and shall be in lieu of any other relief at law or in equity to which Company and/or Shareholder might otherwise be entitled due to Buyer's failure to consummate the Transaction as a result of a default by Buyer.

11.3. BUYER'S REMEDIES. Shareholder agrees that the Shares represent an

interest in 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 Company's and Shareholder's performance under this Agreement, and Company and Shareholder agree (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 Company's or Shareholder's default instead of seeking specific performance, Buyer shall be entitled to the Initial Cash Escrow Deposit together with all interest earned thereon, and to demand current payment of the Contingent Liability and in addition thereto, Buyer shall be entitled to sue for damages due to Company's and/or Shareholder's failure to consummate the Transaction as a result of a default by Company and/or Shareholder, provided, that Buyer's claim for damages shall not exceed One

Million Dollars (\$1,000,000), the amount that would be available to Seller if Buyer breached this Agreement.

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12.0 TERMINATION OF AGREEMENT.

12.1. TERMINATION OF AGREEMENT. Anything herein to the contrary

notwithstanding, this Agreement and the transactions contemplated by this Agreement shall terminate at any time before the Closing as follows:

(A) MUTUAL CONSENT. By mutual consent in writing by Buyer and

Shareholder.

(B) CONDITIONS TO BUYER'S PERFORMANCE NOT MET. By Buyer upon written

notice to Shareholder if any event occurs or condition exists which would render impossible the satisfaction of one or more conditions to the obligations of Buyer to consummate the transactions contemplated by this Agreement as set forth in Section 9.1 or 9.2.

(C) CONDITIONS TO SHAREHOLDER'S PERFORMANCE NOT MET. By Shareholder

upon written notice to Buyer if any event occurs or condition exists which would render impossible the satisfaction of one or more conditions to the obligation of Shareholder to consummate the transactions contemplated by this Agreement as set forth in Section 9.1 or 9.3.

(D) MATERIAL BREACH. By Buyer or Shareholder, provided such party is

not in material breach of this Agreement, if there has been a material misrepresentation or other material breach by the other party of any representation, warranty or covenant set forth herein; provided, however, that

the non-breaching party shall not be excused from its obligations under this Agreement (i) if such breach has been cured pursuant to Section 11.1 of this Agreement or (ii) if such breach gives rise solely to money damages that can readily be ascertained or estimated with reasonable accuracy and the breaching party tenders such amount to the other party within 30 days after receipt of notice of such breach.

(E) BANKRUPTCY; RECEIVERSHIP. By Buyer, if any of the following

events shall have occurred with respect to Company or Shareholder: (i) it has been adjudicated a bankrupt or insolvent or has admitted in writing its inability to pay its debts as they mature or has made an assignment for the benefit of creditors, or has applied for or consented to the appointment of a trustee or receiver for it or for the major part of its property; (ii) a trustee or receiver has been appointed for it or for any part of

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its property without its consent; or (iii) bankruptcy, reorganization, arrangement or insolvency proceedings, or other proceedings for relief under any bankruptcy or similar law or laws for the relief of creditors, have been instituted by or against it and remain undismissed for 10 days or longer.

(F) FCC APPROVAL. By either Buyer or Seller, provided such party is

not otherwise in default, and a grant of the Transfer of Control Application is not obtained within nine (9) months after the FCC has accepted the Transfer of Control Application for filing.

13.0 GENERAL PROVISIONS.

13.1. FEES. All recording costs, transfer taxes, sales tax, document

stamps and other similar charges shall be paid one-half by Shareholder 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.

13.2. 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:

(a) If to Company or Shareholder:

Allur-Detroit, Inc.
c/o Wilkins & Jones, L.P.
8401 Colesville Road
#300
Silver Spring, MD 20910
Fax: (301) 608-3307

with a copy (which shall not constitute notice) to:

Fleischman & Walsh
1400 Sixteenth St., N.W.

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Suite 600
Washington, DC 20036
ATTN: Howard A. Topel, Esq.
Fax: 202-745-0916

(b) If to Buyer:

Radio One, Inc.
c/o Alfred C. Liggins, III
5900 Princess Garden Parkway, 8th Floor
Lanham, MD 20706
Fax: (301) 306-9694

with a copy (which shall not constitute notice) to:

Linda J. Eckard, Esq.
5900 Princess Garden Parkway
8th Floor
Lanham, Maryland 20706
Fax: (301) 306-9638

Any 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.

13.3. ASSIGNMENT. No party may assign this Agreement without the

express prior written consent of the other parties, except that, Buyer may

assign its rights and obligations pursuant to this Agreement without
Shareholder's consent prior to Closing to (i) an entity which assumes all of
Buyer's obligations under this Agreement if such assignment results in no
financial gain or profit for the Buyer or (ii) to Buyer's or its assignee's
lenders as collateral for any indebtedness incurred; and subsequent to Closing
to (a) any entity which acquires all or substantially all of the Shares or
assets of Company, or (b) to Buyer's or its assignee's lenders as collateral for
any indebtedness incurred. 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.

13.4. EXCLUSIVE DEALINGS. For so long as this Agreement remains in

effect, neither Company nor Shareholder nor any person acting on either party'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 the Shares or in the assets of the Business, other than Buyer or Buyer's permitted assignees.

13.5. THIRD PARTIES. Nothing in this Agreement, whether express or implied, is intended to: (i) confer any rights or remedies on any person other than Shareholder, 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 Shareholder or Buyer.

13.6. INDULGENCES. Unless otherwise specifically agreed in writing to the contrary: (i) the failure of any party at any time to require performance by another party of any provision of this Agreement shall not affect such party's right thereafter to enforce the same; (ii) no waiver by any party of any default by another party 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 any party for the performance of any obligation or act by any party shall be deemed to be an extension of time for the performance of any other obligation or act hereunder.

13.7. 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.

13.8. 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.

13.9. ENTIRE AGREEMENT; AMENDMENT. This Agreement and the Exhibits and 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.

13.10. COUNSEL/INTERPRETATION. Each party has been represented by its own 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.

13.11. GOVERNING LAW, JURISDICTION. This Agreement shall be governed by, and construed and enforced in accordance with the laws of the State of Maryland without regard to the choice of law rules utilized in that jurisdiction. Buyer, Shareholder and Company each hereby consent to service of process by certified mail at the address to which notices are to be given. Each of Buyer and Shareholder agree that its submission to jurisdiction and its consent to service of process by certified mail is made for the express benefit of the other parties hereto. Final judgment against Buyer or Shareholder 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 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.

13.12. SEVERABILITY. If any term of this Agreement is illegal or

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.

13.13. COUNTERPARTS. This Agreement may be signed in any number of

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.

13.14. FURTHER ASSURANCES. Shareholder shall at any time and from time to

time after the Closing execute and deliver to Buyer such further conveyances, assignments and other written assurances as Buyer may request to vest and confirm in Buyer (or its assignee) the title and rights to and in all the Shares and/or assets of the Business to be and intended to be transferred, assigned and conveyed hereunder.

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IN WITNESS WHEREOF, and to evidence their assent to the foregoing, Shareholder and Buyer have executed this Stock Purchase Agreement under seal as of the date first written above.

SELLER:

SYNDICATED COMMUNICATIONS VENTURE
PARTNERS II, L.P.

BY: WILKINS & JONES, L.P.,
GENERAL PARTNER

BY: /s/ Herbert P. Wilkins, Sr.,

HERBERT P. WILKINS, SR.,
GENERAL PARTNER

BUYER:

RADIO ONE, INC.

BY: /s/ Alfred C. Liggins, III

ALFRED C. LIGGINS, III
PRESIDENT

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EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this Form 10-K of our report dated March 11, 1999, included in the Form 8-K dated March 12, 1999. It should be noted that we have not audited any financial statements of the Company subsequent to December 31, 1998, or performed any audit procedures subsequent to the date of our report.

/s/ ARTHUR ANDERSEN LLP

Baltimore, Maryland,
March 31, 1999