

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, 2010

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 \_\_\_\_\_

Commission File No. 0-25969

**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**

**7th Floor**

**Lanham, Maryland 20706**

*(Address of principal executive offices)*

**Registrant's telephone number, including area code**

**(301) 306-1111**

**Securities registered pursuant to Section 12(b) of the Act:**

**None**

**Securities registered pursuant to Section 12(g) of the Act:**

**Class A Common Stock, \$.001 par value**

**Class D Common Stock, \$.001 par value**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes  No

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 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. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer

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

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

<b>Class</b>	<b>Outstanding at March 11, 2011</b>
Class A Common Stock, \$.001 par value	2,828,912
Class B Common Stock, \$.001 par value	2,861,843
Class C Common Stock, \$.001 par value	3,121,048
Class D Common Stock, \$.001 par value	45,576,082

The aggregate market value of common stock held by non-affiliates of the Registrant, based upon the closing price of the Registrant's Class A and Class D common stock on June 30, 2010, was approximately \$62.2 million.

**RADIO ONE, INC. AND SUBSIDIARIES**

**Form 10-K  
For the Year Ended December 31, 2010**

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## CERTAIN DEFINITIONS

Unless otherwise noted, throughout this report, the terms “Radio One,” “the Company,” “we,” “our” and “us” refer to Radio One, Inc. together with its subsidiaries.

We use the term “local marketing agreement” (“LMA”) in various places in this report. An LMA is an agreement under which a Federal Communications Commission (“FCC”) licensee of a radio station makes available, for a fee, air time on its station to another party. The other party provides programming to be broadcast during the airtime and collects revenues from advertising it sells for broadcast during that programming. In addition to entering into LMAs, we will from time to time enter into management or consulting agreements that provide us with the ability, as contractually specified, to assist current owners in the management of radio station assets that we have contracted to purchase, subject to FCC approval. In such arrangements, we generally receive a contractually specified management fee or consulting fee in exchange for the services provided.

The term “station operating income” is also used throughout this report. “Station operating income” consists of net loss or income before depreciation and amortization, corporate expenses, stock-based compensation, equity in income or loss of affiliated company, income taxes, noncontrolling interests in income of subsidiaries, interest expense, impairment of long-lived assets, other income or expense, gain on retirement of debt, and income or loss from discontinued operations, net of tax. Station operating income is not a measure of financial performance under U.S. generally accepted accounting principles (“GAAP”). Nevertheless we believe station operating income is often a useful measure of a broadcasting company’s operating performance and is a significant basis used by our management to measure the operating performance of our radio stations within the various markets because station operating income provides helpful information about our results of operations apart from expenses associated with our physical plant, income taxes, investments, debt financings, gain on retirement of debt, corporate overhead, stock-based compensation, impairment of long-lived assets and income or losses from asset sales. Station operating income is frequently used as one of the bases for comparing businesses in our industry, although our measure of station operating income may not be comparable to similarly titled measures of other companies. Station operating income does not purport to represent operating income or cash flow from operating activities, as those terms are defined under generally accepted accounting principles, and should not be considered as an alternative to those measurements as an indicator of our performance.

The term “station operating income margin” is also used throughout this report. “Station operating income margin” consists of station operating income as a percentage of net revenue. Station operating income margin is not a measure of financial performance under GAAP. Nevertheless, we believe that station operating income margin is a useful measure of our performance because it provides helpful information about our profitability as a percentage of our net revenue.

Unless otherwise indicated:

- we obtained total radio industry revenue levels from the Radio Advertising Bureau (the “RAB”);
  - we obtained audience share and ranking information from Arbitron Inc. (“Arbitron”); and
  - we derived historical market statistics and market revenue share percentages from data published by Miller, Kaplan, Arase & Co., LLP (“Miller Kaplan”), a public accounting firm that specializes in serving the broadcasting industry and BIA Financial Network, Inc. (“BIA”), a media and telecommunications advisory services firm.
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### Cautionary Note Regarding Forward-Looking Statements

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements do not relay historical facts, but rather reflect our current expectations concerning future operations, results and events. All statements other than statements of historical fact are “forward-looking statements” including any projections of earnings, revenues or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing. You can identify some of these forward-looking statements by our use of words such as “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “likely,” “may,” “estimates” and similar expressions. You can also identify a forward-looking statement in that such statements discuss matters in a way that anticipates operations, results or events that have not already occurred but rather will or may occur in future periods. We cannot guarantee that we will achieve any forward-looking plans, intentions, results, operations or expectations. Because these statements apply to future events, they are subject to risks and uncertainties, some of which are beyond our control that could cause actual results to differ materially from those forecasted or anticipated in the forward-looking statements. These risks, uncertainties and factors include (in no particular order), but are not limited to:

- the effects the global financial and economic downturn, credit and equity market volatility and continued fluctuations in the U.S. economy may continue to have on our business and financial condition and the business and financial conditions of our advertisers;
- our high degree of leverage and potential inability to refinance certain portions of our debt given fluctuations in market conditions;
- continued fluctuations in the economy could negatively impact our ability to meet our cash needs and our ability to maintain compliance with our debt covenants;
- fluctuations in the demand for advertising across our various media given the current economic environment;
- our relationship with a significant customer has changed and we no longer have a guaranteed level of revenue from that customer;
- risks associated with the implementation and execution of our business diversification strategy;
- increased competition in our markets and in the radio broadcasting and media industries;
- changes in media audience ratings and measurement technologies and methodologies;
- regulation by the Federal Communications Commission (“FCC”) relative to maintaining our broadcasting licenses, enacting media ownership rules and enforcing of indecency rules;
- changes in our key personnel and on-air talent;
- increases in the costs of our programming, including on-air talent and content acquisitions costs;
- financial losses that may be incurred due to impairment charges against our broadcasting licenses, goodwill and other intangible assets, particularly in light of the current economic environment;
- increased competition from new media and technologies;
- the impact of our acquisitions, dispositions and similar transactions; and
- other factors mentioned in our filings with the Securities and Exchange Commission (“SEC”) including the factors discussed in detail in Item 1A, “Risk Factors,” contained in this report.

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

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## PART I

### ITEM 1. BUSINESS

#### Overview

Radio One is an urban-oriented, multi-media company that primarily targets African-American consumers. We are incorporated as a Delaware corporation. Our core business is our radio broadcasting franchise that is the largest broadcasting operation in the United States that primarily targets African-American and urban listeners. We currently own 53 broadcast stations located in 16 urban markets in the United States. While our primary source of revenue is the sale of local and national advertising for broadcast on our radio stations, our strategy is to operate the premier multi-media entertainment and information content provider targeting African-American consumers. Thus, we have diversified our revenue streams by making acquisitions and investments in other complementary media properties. Our other media interests include our approximately 37% ownership interest (as of December 31, 2010) in TV One, LLC (“TV One”), an African-American targeted cable television network that we invested in with an affiliate of Comcast Corporation and other investors; our 53.5% ownership interest in Reach Media, Inc. (“Reach Media”), which operates the Tom Joyner Morning Show; our ownership of Interactive One, LLC (“Interactive One”), an online platform serving the African-American community through social content, news, information, and entertainment, which operates a number of branded sites, including NewsOne, UrbanDaily, HelloBeautiful; and our ownership of Community Connect, LLC (formerly Community Connect Inc.) (“CCI”), an online social networking company, which operates a number of branded websites, including BlackPlanet, MiGente and Asian Avenue. CCI is now included within the operations of Interactive One. Through our national multi-media presence, we provide advertisers with a unique and powerful delivery mechanism to the African-American and urban audiences.

In December 2009, the Company ceased publication of our urban-themed lifestyle periodical Giant Magazine. The remaining assets and liabilities of this publication have been classified as discontinued operations as of December 31, 2010 and 2009, and the publication’s results from operations for the years ended December 31, 2010, 2009 and 2008, have been classified as discontinued operations in the accompanying consolidated financial statements.

As part of our consolidated financial statements, consistent with our financial reporting structure and how the Company currently manages its businesses, we have provided selected financial information on the Company’s two reportable segments: (i) Radio Broadcasting and; (ii) Internet. See Note 17 – *Segment Information* in the notes accompanying our audited consolidated financial statements included elsewhere in this prospectus.

#### *Acquisitions*

In June 2008, the Company purchased the assets of WPRS-FM, a radio station located in the Washington, DC metropolitan area, for \$38.0 million in cash. From April 2007 and until closing, the station had been operated under an LMA, and the results of its operations were included in the Company’s consolidated financial statements. The station was consolidated with the Company’s existing Washington, DC operations in April 2007.

In April 2008, the Company acquired CCI for \$38.0 million in cash. CCI is an online social networking company operating branded websites including BlackPlanet, MiGente, and AsianAvenue.

#### *Dispositions*

Between December 2006 and May 2008, the Company sold the assets of 20 radio stations in seven markets for approximately \$287.9 million in cash. These dispositions were consistent with the Company’s strategic plan to divest itself of non-core radio assets.

*Los Angeles Station:* In May 2008, the Company sold the assets of its radio station KRBV-FM, located in the Los Angeles metropolitan area, to Bonneville International Corporation (“Bonneville”) for approximately \$137.5 million in cash. Bonneville began operating the station under an LMA on April 8, 2008.

*Miami Station:* In April 2008, the Company sold the assets of its radio station WMCU-AM (formerly WTPS-AM), located in the Miami metropolitan area, to Salem Communications Holding Corporation (“Salem”) for approximately \$12.3 million in cash. Salem began operating the station under an LMA effective October 18, 2007.

*Augusta Stations:* In December 2007, the Company sold the assets of its five radio stations in the Augusta metropolitan area to Perry Broadcasting Company for approximately \$3.1 million in cash.

*Louisville Station:* In November 2007, the Company sold the assets of its radio station WLRX-FM in the Louisville metropolitan area to WAY FM Media Group, Inc. for approximately \$1.0 million in cash.

*Dayton and Louisville Stations:* In September 2007, the Company sold the assets of its five radio stations in the Dayton metropolitan area and five of its six radio stations in the Louisville metropolitan area to Main Line Broadcasting, LLC for approximately \$76.0 million in cash.

*Minneapolis Station:* In August 2007, the Company sold the assets of its radio station KTTB-FM in the Minneapolis metropolitan area to Northern Lights Broadcasting, LLC for approximately \$28.0 million in cash.

*Boston Station:* In December 2006, the Company closed on the sale of the assets of its radio station WILD-FM in the Boston metropolitan area to Entercom Boston, LLC (“Entercom”) for approximately \$30.0 million in cash. Entercom began operating the station under an LMA effective August 18, 2006.

## Our Stations and Markets

The table below provides information about our radio stations and the markets in which we owned or operated as of December 31, 2010.

Market	Radio One		Entire Audience Four Book Average (Ending Fall 2010) Audience Share(b)	Ranking by Size of African-American Population Persons 12+(c)	Market Data	
	Number of Stations(a)				Estimated Fall 2010 Metro Population Persons 12+(c)	African-American%
	FM	AM				
Atlanta (1)	4	-	13.7	2	4.5	31.1%
Washington, DC (1)	3	2	12.6	4	4.4	26.4%
Philadelphia (1)	3	-	8.3	5	4.5	20.5%
Detroit (1)	2	1	7.5	6	3.8	21.9%
Houston (1)	3	-	15.3	7	4.9	16.7%
Dallas (1)	2	-	5.2	9	5.3	14.3%
Baltimore(1)	2	2	15.7	11	2.3	28.4%
St. Louis(1)	2	-	10.0	16	2.3	18.2%
Charlotte(2)	2	-	6.0	15	2.0	20.8%
Cleveland(1)	2	2	13.5	18	1.8	18.9%
Richmond(3)	4	1	20.4	20	1.0	29.3%
Raleigh-Durham(2)	4	-	20.5	19	1.3	21.3%
Boston (4)	-	1	-	21	4.0	6.6%
Cincinnati(1)	2	1	8.9	28	1.8	12.3%
Columbus(2)	3	-	13.3	29	1.5	14.4%
Indianapolis(2)	3	1	19.1	30	1.4	14.8%
Total	41	11				

(1) The four book average and rank is measured using the 12 month Portable People Meter™ (“PPM™”) methodology.

(2) The four book average is measured using a two book diary and a two book (six months) PPM™ average.

(3) The four book average and rank is measured using the four book diary average.

(4) We do not subscribe to Arbitron for our Boston market.

(a) WDNI-CD (formerly WDNI-LP), the low power television station that we acquired in Indianapolis in June 2000, is not included in this table.

(b) Audience share data are for the 12+ demographic and derived from the Arbitron Survey four book averages ending with the Fall 2010 Arbitron Survey.

(c) Population estimates are from the Arbitron Radio Market Report, Fall 2010.

## The African-American Market Opportunity

We believe that urban-oriented media primarily targeting African-Americans continues as an attractive opportunity for the following reasons:

*Steady African-American Population Growth.* From April 2000 to July 2009, the African-American population grew 9.8%, in line with a 9.7% overall population growth rate, and accounted for 12.9% of total population growth by July 2009. The African-American population is expected to grow to approximately 42.1 million by the end of 2015, a 5.5% increase from 2010. African-Americans are expected to make up 12.9% of total population growth during the period from 2010 through 2015. (Source: U.S. Census Bureau, 2008 and 2009, "Projections of the Population by Sex, Race, and Hispanic Origin for the United States: 2010 to 2050") According to the U.S. Census, the average African-American population is nearly five years younger than the total U.S. population average. As a result, urban formats, in general, tend to skew younger than formats targeted to the general market population. As of December 2010, the African-American population represents almost 13% of the total U.S. population. The African-American consumer market represents an attractive customer segment in many states.

*High African-American Geographic Concentration.* An analysis of the African-American population shows a high degree of geographic concentration. A recent study shows that while the five most populous U.S. markets are home to 21.0% of the overall U.S. population, 27.0% of the total African-American population resides in those same markets. Expanding the analysis to the 20 most populous U.S. markets, 45.0% of the overall U.S. population resides within these markets, with 57% of the total African-American population residing within them. (Source: "Markets Within Markets," Cable Advertising Bureau ("CAB") Race, Relevance and Revenue, June 2007). The practical implication of these findings is that a multi-media strategy within these pockets of geographic concentration can have a much proportionately more meaningful reach towards the African-American population than towards non-African-American U.S. populations.

*Higher African-American Income Growth.* The economic status of African-Americans improved at an above-average rate over the past two decades. African-American buying power was estimated at \$913 billion in 2008, up from \$590 billion in 2000 and is expected to increase to \$1.2 trillion by 2013, up by 210.0% in 22 years. (Source: "The Multicultural Economy 2008," Selig Center for Economic Growth, Terry College of Business, The University of Georgia, January 2009). In addition, African-American consumers tend to have a different consumption profile than non-African-Americans. A report published by the CAB notes those products and services for which African-American households spent more or a higher proportion of their money than non-African-Americans. These products and services included apparel and accessories, appliances, consumer electronics, food, personal care products, telephone service and transportation. Such findings imply that utilities, telecom firms, clothing and grocers would greatly benefit from marketing directly to African-American consumers. This is particularly true in those states (including the District of Columbia) where the percentage that African-American buying power represents of total buying power in that state is the largest, such as the District of Columbia (31.1%), Maryland (22.0%), Georgia (20.5%), North Carolina (14.5%) and Virginia (13.1%). (Source: "Black Buying Power," CAB Race, Relevance and Revenue, June 2007).

*Growing Influence of African-American Culture.* We believe that there continues to be an ongoing "urbanization" of many facets of American society as evidenced by the influence of African-American culture in the areas of politics, music, film, fashion, sports and urban-oriented television shows and networks. We believe that many companies from a broad range of industries have embraced this urbanization trend in their products as well as in their advertising messages. As noted in one recent study, "The influence of African-American youth culture is no accident. The black population is among the youngest in the nation, with 56.1% under age 35 in 2009, and nearly 30% under age 18." (Source: "African Americans Online", eMarketer, March 2009).

*Growth in Advertising Targeting the African-American Market.* We continue to believe that large corporate advertisers are becoming more focused on reaching minority consumers in the United States. The African-American community is considered an emerging growth market within a mature domestic market. During the recession, spending on African-American media declined 7.3%, according to figures by The Nielsen Company. While the decline was consistent with the trend in overall advertising, the drop was not as severe as the general market. In February 2010, Nielsen reported that ad spending in general fell 9% in 2009, despite significant increases in Cable TV. The decline in spending on African-American media was consistent with decreased spending in network television and national magazines. Increased spending on cable television helped balance out the losses. Advertisers spent 35% more on African-American cable in 2009 than in 2008. Radio continued to earn the most revenue among African-American media in 2009. Advertisers spent \$748 million on the medium last year. (Source: "Multicultural Ad Spending Declines in 2009, but Less than Overall Ad Market," NielsenWire, March 12, 2010). We believe many large corporations are expanding their commitment to ethnic advertising. The companies that successfully market to the African-American audience have focused on building brand relationships. Advertisers are making an effort to fully understand African-American consumers, and to relate to them with messages that are relevant to their community. These advertisers are accomplishing this by visibly and consistently engaging the African-American consumer, involving themselves with the interests of the African-American consumer and increasing African-American brand loyalty.

*Significant and Growing Internet Usage among African-Americans with Limited Targeted Online Content Offerings.* African-Americans are becoming significant users of the internet. The same factors driving increases in African-American buying power, such as improvements in education, income and employment, are also increasing African-American internet usage. One study estimates that 23.7 million African-Americans will make up 11.2% of all U.S. internet users in 2013, up from 9.9% in 2008. (Source: "African Americans Online," eMarketer, March 2009). This represents a 24% increase from 2008 versus a 15% increase for the general population and an 11% increase among white internet users. According to another national study among more than 7,000 African American adults, the internet represents 32% of daily media exposure for African-Americans and the typical amount of time spent online is 4 hours and 21 minutes per day, a figure that is 10% higher when compared to all U.S. adults. (Source: "The Media Audit National Report 2010"). Additionally, the growth of internet penetration and high-speed internet penetration in African-American households is expected to remain above that of the general population. We believe that there is no company that dominates the African-American market online, and the lack of any strong competitive presence presents a significant opportunity for us to build an online business that is highly scalable.

*The Results of our Black America Study (www.blackamericastudy.com).* In addition to relying on third-party research and our own experience, from time to time we conduct or commission our own proprietary research. In early 2008, we released the groundbreaking "Black America Study." This national study, conducted by Yankelovich, a leader in consumer research for over 50 years, is one of the largest segmentation research studies ever done of Blacks and African-Americans. This study helps us to better understand the motivations of our core demographic by segmenting the large and growing African-American audience so that we can highlight the diversity that exists in Black America. This enhanced understanding helps us identify new opportunities to serve the African-American community and assists us in helping advertisers and marketers reach Black America more effectively.

The study includes insight into the feelings of African-Americans about their future, past and present, as well as, details on their relationship with media, advertising and technology. The wealth of quantifiable information about our listeners, viewers, readers and visitors provides valuable marketing and programming applications for us. This allows us to ensure that our content best reflects our audience and, in turn, allows for companies, organizations and individuals to effectively reach this vital community.

## **Business Strategy**

*Radio Station Portfolio Optimization.* Within our core radio business, our portfolio management strategy is to make select acquisitions of radio stations, primarily in markets where we already have a presence, and to divest stations which are no longer strategic in nature. We may divest stations that do not have an urban format or stations located in smaller markets or markets where the African-American population is smaller, on a relative basis, than other markets in which we operate. However, we are continually looking for opportunities to upgrade existing radio stations by strengthening their signals to reach a larger number of potential listeners.

*Investment in Complementary Businesses.* We continue to invest in complementary businesses in the media and entertainment industry. The primary focus of these investments will be on businesses that provide entertainment and information content to African-American consumers. Most recently, in April 2008, we acquired CCI, an online social networking company that hosted the website BlackPlanet. BlackPlanet has been integrated into our online operations, as part of Interactive One, which now includes the largest social networking site primarily targeted at African-Americans. This integration is consistent with our operating strategy of becoming a multi-media entertainment and information content provider to African-American consumers. We believe that our unique position as a diversified media company focused on the African-American consumer provides us with a competitive advantage in these new businesses.



**Top 50 African-American Radio Markets in the United States**

The table below notes the top 50 African-American radio markets in the United States. The bold text indicates markets where we own radio stations. Population estimates are for 2010 and are based upon data provided by Arbitron.

<b>Rank</b>	<b>Market</b>	<b>African-American Population (Persons 12+) (In thousands)</b>	<b>African-Americans as a Percentage of the Overall Population (Persons 12+)</b>
1	New York, NY	2,674	17.0%
<b>2</b>	<b>Atlanta, GA</b>	1,392	31.1
3	Chicago, IL	1,366	17.3
<b>4</b>	<b>Washington, DC</b>	1,158	26.4
<b>5</b>	<b>Philadelphia, PA</b>	917	20.5
<b>6</b>	<b>Detroit, MI</b>	837	21.9
<b>7</b>	<b>Houston-Galveston, TX</b>	823	16.7
8	Los Angeles, CA	807	7.3
<b>9</b>	<b>Dallas-Ft. Worth, TX</b>	760	14.3
10	Miami-Ft. Lauderdale-Hollywood, FL	716	19.6
<b>11</b>	<b>Baltimore, MD</b>	651	28.4
12	Memphis, TN	477	43.9
13	San Francisco, CA	436	7.0
14	Norfolk-Virginia Beach-Newport News, VA	427	31.6
<b>15</b>	<b>Charlotte-Gastonia-Rock Hill, NC</b>	425	20.8
<b>16</b>	<b>St. Louis, MO</b>	422	18.2
17	New Orleans, LA	343	33.8
<b>18</b>	<b>Cleveland, OH</b>	335	18.9
<b>19</b>	<b>Raleigh-Durham, NC</b>	291	21.3
<b>20</b>	<b>Richmond, VA</b>	281	29.3
<b>21</b>	<b>Boston, MA</b>	270	6.6
22	Tampa-St. Petersburg-Clearwater, FL	260	10.9
23	Birmingham, AL	254	28.2
24	Greensboro-Winston-Salem-High Point, NC	252	20.8
25	Jacksonville, FL	246	21.4
26	Orlando, FL	238	15.6
27	Nassau-Suffolk (Long Island), NY	226	9.1
<b>28</b>	<b>Cincinnati, OH</b>	221	12.3
<b>29</b>	<b>Columbus, OH</b>	213	14.4
<b>30</b>	<b>Indianapolis, IN</b>	209	14.8
31	Kansas City, KS	208	12.4
32	Milwaukee-Racine, WI	207	14.2
33	Nashville, TN	201	15.7
34	Seattle-Tacoma, WA	192	5.6
35	Baton Rouge, LA	191	33.0
36	Middlesex-Somerset-Union, NJ	185	13.3
37	Jackson, MS	185	46.1
38	Minneapolis-St. Paul, MN	184	6.7
39	Columbia, SC	175	32.3
40	Riverside-San Bernardino, CA	170	9.1
41	Pittsburgh, PA	167	8.4
42	West Palm Beach-Boca Raton, FL	165	14.8
43	Phoenix, AZ	159	4.8
44	Las Vegas, NV	157	10.0
45	Charleston, SC	153	27.1
46	Greenville-Spartanburg, SC	150	16.7
47	Augusta, GA	148	34.0
48	Sacramento, CA	141	14.1
49	Louisville, KY	137	14.1
50	Greenville-New Bern-Jacksonville	132	24.1

## **Multi-Media Operating Strategy**

To maximize net revenue and station operating income 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. Complementing our core radio franchise are our cable and online media interests. Through our national presence across our various media, we provide our customers with a multi-media advertising platform that is a unique and powerful delivery mechanism toward African-Americans and other urban consumers. We believe that as we continue to diversify into other media, the strength and effectiveness of this unique platform will become even more compelling. The success of our strategy relies on the following:

- market research, targeted programming and marketing;
- ownership and syndication of programming content;
- radio station clustering, programming segmentation and sales bundling;
- strategic and coordinated sales, marketing and special event efforts;
- strong management and performance-based incentives; and
- significant community involvement.

### ***Market Research, Targeted Programming and Marketing***

We use market research to tailor the programming, marketing and promotion of our radio stations and the content of our complementary media to maximize audience share. We also use our research to reinforce and refine our current programming and content, to identify unserved or underserved markets or segments within the African-American population and to determine whether to acquire new media properties or reprogram one of our existing media properties to target those markets or segments.

We also seek to reinforce our targeted programming and content by creating a distinct and marketable identity for each of our media properties. To achieve this objective, in addition to our significant community involvement discussed below, we employ and promote distinct, high-profile personalities across our media properties, many of whom have strong ties to the African-American community and the local communities in which a broadcasting property is located.

### ***Ownership and Syndication of Programming Content***

To diversify our revenue base beyond the markets in which we physically operate, we seek to develop or acquire proprietary African-American targeted content. We distribute this content in a variety of ways, utilizing our own network of multi-media distribution assets or through distribution assets owned by others. If we distribute content through others, we are paid for providing this content or we receive advertising inventory which we monetize through our advertising sales. To date, our programming content efforts have included our investment in TV One and its related programming, our 53.5% ownership of Reach Media, the acquisition and development of our interactive brands including BlackPlanet, NewsOne, TheUrbanDaily and HelloBeautiful and the development and distribution of several syndicated radio shows, including the “Russ Parr Morning Show,” the “Yolanda Adams Morning Show,” the “Rickey Smiley Morning Show,” “CoCo Brother Live,” CoCo Brother’s the “Spirit” program, Bishop T.D. Jakes’ “Empowering Moments,” the “Reverend Al Sharpton Show,” and the “Warren Ballentine Show.” Our syndicated radio programming is available on 214 non-Radio One stations through the United States.

### ***Radio Station Clustering, Programming Segmentation and Sales Bundling***

We strive 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 within the distinct segments of our overall target market. In a similar fashion, we have multiple online brands including BlackPlanet, NewsOne, TheUrbanDaily and HelloBeautiful. Each of these brands focuses upon a different segment of African-American online users. With our radio station clusters and multiple online brands, we are able to direct advertisers to specific audiences within the urban communities in which we are located or to bundle the radio stations and brands for advertising sales purposes when advantageous.

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

### ***Strategic and Coordinated Sales, Marketing and Special Event Efforts***

We have assembled an effective, highly trained sales staff responsible for converting our broadcast and online audience shares into revenue. We operate with a focused, sales-oriented culture, which rewards aggressive selling efforts through a commission and bonus compensation structure. We hire and deploy large teams of sales professionals for each of our media properties or media 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 properties on a stand-alone basis, in combination with other properties within a given market, and across our various media properties, where appropriate.

We have created a national platform of radio stations in some of the largest African-American consumer markets. This platform reaches approximately 20 million listeners weekly, more than that of any other radio broadcaster primarily targeting African-Americans. Given the high degree of geographic concentration among the African-American population, national advertisers find advertising on our radio stations an efficient and cost-effective way to reach this target audience. Through our corporate sales department, we bundle and sell our platform of radio stations to national advertisers, thereby enhancing our revenue generating opportunities, expanding our base of advertisers, creating greater demand for our advertising time inventory and increasing the capacity utilization of our inventory and making our sales efforts more efficient. We have also created a dedicated online sales force as part of our interactive unit. The unit's national team focuses on helping marketers reach our online audience of approximately 4 million unique visitors per month. Our leading advertising products, custom marketing solutions, and integrated inventory opportunities, provide our advertising customers a unique vehicle to reach online African-American consumers at scale. To allow marketers to reach our audience across all of our platforms (radio, television and online) in an efficient way, in 2008, we launched One Solution, a cross-platform/brand sales and marketing effort which allows top tier advertisers to take full advantage of our complete suite of offerings through a one-stop shop approach that reaches 82% of African-Americans in the United States.

In order to create advertising loyalty, we strive to be the recognized expert in marketing to the African-American consumer in the markets in which we operate. We believe that we have 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. In these events, advertisers buy sponsorships, signage, booth space and/or 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 may increase the number of events and the number of markets in which we host events based upon our evaluation of the financial viability and economic benefits of the events.

### ***Strong Management and Performance-Based Incentives***

We focus on hiring and retaining highly motivated and talented individuals in each functional area of our organization who can effectively help us implement our growth and operating strategies. Our management team is comprised of a diverse group of individuals who bring significant expertise to their functional areas. 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 increasing market share and achieving station operating income benchmarks, which creates an incentive for management to focus on both sales growth and profitability. 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 ratings in specific target segments. Our One Solution sales approach seeks to drive incremental revenue and value across all of our media properties and includes performance based incentives for our sales team.

### ***Significant Community Involvement***

We believe our active involvement and significant relationships in the African-American community across each of our brands and in each of our markets provide a competitive advantage in targeting African-American audiences and significantly improve the marketability of our advertising to businesses that are targeting such communities. We believe that a media property'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 are well positioned to identify music and musical styles, as well as political and social trends and issues, early in their evolution. This understanding is integrated into significant aspects of our operations across all of our media properties and enables us to create enhanced awareness and name recognition in the marketplace. In addition, we believe our approach to community involvement leads to increased effectiveness in developing and updating our programming formats and online brands and content which in turn leads to greater listenership and users of our online properties, driving higher ratings and online traffic over the long-term.

## Our Radio Station Portfolio

The following table sets forth selected information about our portfolio of radio stations as of December 31, 2010. Market population data and revenue rank data are from BIA Financials Investing in Radio Market Report, 2010 Fourth Edition. Audience share and audience rank data are based on Arbitron Survey four book averages ending with the Fall 2010 Arbitron Survey unless otherwise noted. As used in this table, "n/a" means not applicable or not available and ("t") means tied with one or more radio stations. We do not subscribe to Arbitron for our Boston market.

Market	Market Rank			Format	Target Age Demographic	Four Book Average			
	2010 Metro Population	2010 Radio Revenue	Year Acquired			Audience Share in 12+ Demographic	Audience Rank in 12+- Demographic	Audience Share in Target Demographic	Audience Rank in Target Demographic
<b>Atlanta(1)</b>	7	6							
WPZE-FM(a)			2004	Contemporary Inspirational	25-54	5.7	4(t)	5.8	3
WHTA-FM			2002	Contemporary	18-34	4.0	9(t)	7.7	2
WAMJ-FM(b)			1999	Urban AC	25-54	4.0	9(t)	4.9	6(t)
WUMJ-FM(c)			1999	Urban AC	25-54	*	*	*	*
<b>Washington, DC(1)</b>	9	7							
WKYS-FM			1995	Urban Contemporary	18-34	3.6	8(t)	8.6	2
WMMJ-FM			1987	Urban AC	25-54	5.3	6	4.7	5
WPRS-FM			2008	Contemporary Inspirational	25-54	3.3	15	3.6	13(t)
WYCB-AM			1998	Gospel	25-54	0.2	38(t)	0.2	47(t)
WOL-AM			1980	News/Talk	35-64	0.2	38(t)	0.1	37(t)
<b>Philadelphia(1)</b>	8	10							
WPPZ-FM			1997	Contemporary Inspirational	25-54	2.5	18	5.2	7
WPHI-FM			2000	Urban Contemporary	18-34	2.4	19(t)	2.5	18
WRNB-FM			2004	Urban AC	25-54	3.4	13 (t)	3.7	11
<b>Detroit(1)</b>	11	13							
WHTD-FM			1998	Urban Contemporary	18-34	2.8	19	5.5	7
WDMK-FM			1998	Urban AC	25-54	4.1	13	4.1	12
WCHB-AM			1998	News/Talk	35-64	0.6	30(t)	0.3	33(t)
<b>Houston(1)</b>	6	8							
KMJQ-FM			2000	Urban AC	25-54	6.1	3(t)	6.1	3
KBXX-FM			2000	Urban Contemporary	18-34	6.3	2	10.2	1
KROI-FM			2004	Contemporary Inspirational	25-54	2.9	17	3.3	15(t)
<b>Dallas(1)</b>	5	4							
KBFB-FM			2000	Urban Contemporary	18-34	3.0	12(t)	4.5	6
KSOC-FM			2001	Urban AC	25-54	2.2	19	2.5	19
<b>Baltimore(1)</b>	22	20							
WERQ-FM			1993	Urban Contemporary	18-34	7.7	1	15.5	1
WWIN-FM			1992	Urban AC	25-54	8.3	2(t)	8.2	2
WOLB-AM			1993	News/Talk	35-64	0.2	43(t)	0.2	46(t)
WWIN-AM			1992	Gospel	35-64	0.4	34(t)	0.5	33(t)
<b>St. Louis(1)</b>	21	21							
WFUN-FM			1999	Urban AC	25-54	4.1	13	4.0	12
WHHL-FM			2006	Urban Contemporary	18-34	5.9	5	11.6	2

<b>Cleveland(1)</b>	29	27						
WENZ-FM		1999	Urban Contemporary	18-34	5.5	8	9.5	2
WERE-AM		2000	News/Talk	35-64	0.2	28(t)	0.3	27(t)
WZAK-FM		2000	Urban AC	25-54	7.0	4	6.9	4
WJMO-AM		1999	Contemporary Inspirational	25-54	0.8	23	1.0	20(t)
<b>Charlotte(2)</b>	24	30						
WQNC-FM		2000	Urban AC	25-54	2.3	17	2.9	14
WPZS-FM		2004	Contemporary Inspirational	25-54	3.7	13	3.5	13
<b>Richmond(3)</b>	55	45						
WCDX-FM		2001	Urban Contemporary	18-34	5.8	6	11.0	2
WPZZ-FM		1999	Contemporary Inspirational	25-54	5.2	8	5.1	7
WKJS-FM		2001	Urban AC	25-54	9.4	1	10.0	1
WKJM-FM		2001	Urban AC	25-54	**	**	**	**
WTPS-AM		2001	News/Talk	35-64	0.0	-	0.0	-
<b>Raleigh-Durham(2)</b>	42	37						
WQOK-FM		2000	Urban Contemporary	18-34	7.0	6	13.4	2
WFXK-FM		2000	Urban AC	25-54	***	***	***	***
WFXC-FM		2000	Urban AC	25-54	7.5	3	7.5	5
WNNL-FM		2000	Contemporary Inspirational	25-54	6.0	8	5.6	10.0
<b>Columbus(2)</b>	36	31						
WCKX-FM		2001	Urban Contemporary	18-34	6.5	9	12.5	2
WXMG-FM		2001	R&B/Oldies	25-54	5.3	6	4.5	11
WJYD-FM		2001	Contemporary Inspirational	25-54	1.5	21	1.5	18
<b>Cincinnati(1)</b>	28	24						
WIZF-FM		2001	Urban Contemporary	18-34	4.3	11	7.1	6 (t)
WMOJ-FM		2006	Urban AC	25-54	3.8	12	4.2	12
WDBZ-AM		2007	News/Talk	35-64	0.8	24	0.9	23(t)
<b>Indianapolis(2)(4)</b>	39	32						
WHHH-FM		2000	Rhythmic CHR	18-34	5.7	10	11.2	3
WTLC-FM		2000	Urban AC	25-54	6.3	4	6.1	7 (t)
WNOU-FM		2000	Pop/CHR	18-34	4.7	7(t)	8.7	2
WTLC-AM		2001	Contemporary Inspirational	25-54	2.4	15	1.8	18

AC - refers to Adult Contemporary  
CHR - refers to Contemporary Hit Radio  
R&B - refers to Rhythm and Blues  
Pop - refers to Popular Music

\* Simulcast with WAMJ-FM  
\*\* Simulcast with WKJS-FM  
\*\*\* Simulcast with WFXC-FM

- (a) WPZE-FM effective February 20, 2009 (formerly WAMJ-FM).
- (b) WAMJ-FM effective February 27, 2009 (formerly WJZZ-FM).
- (c) WUMJ-FM effective February 20, 2009 (formerly WPZE-FM).
- (1) The four book average and rank is measured using the 12 month PPM™ methodology.
- (2) The four book average is measured using a two book diary and a two book (six months) PPM™ average.
- (3) The four book average and rank is measured using the four book diary average.
- (4) WDNI-CD (formerly WDNI-LP), the low power television station that we acquired in Indianapolis in June 2000, is not included in this table.

### **Radio Advertising Revenue**

For the year ended December 31, 2010, approximately 83.5% of our net revenue was generated from the sale of advertising in our core radio business. Substantially all net revenue generated from our radio franchise is generated from the sale of local, national and network advertising. Local sales are made by the sales staff located in our markets. National sales are made primarily by Katz Communications, Inc. (“Katz”), a firm specializing in radio advertising sales on the national level. Katz is paid agency commissions on the advertising sold. Network sales are made by third-party sales representatives in exchange for commercial inventory made available to them. Approximately 57.0% of our net revenue for the year ended December 31, 2010 was generated from the sale of local advertising and 36.5% from sales to national advertisers, including network advertising. The balance of net revenue generated from our radio franchise is primarily derived from tower rental income, ticket sales and revenue related to Radio One sponsored events, management fees and other revenue.

Advertising rates charged by radio stations are based primarily on:

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

A radio station’s listenership is measured by the PPM™ system or diary ratings surveys, both of which estimate the number of listeners tuned to a radio station and the time they spend listening to that radio station. Ratings are used by advertisers to evaluate whether to advertise on our radio stations, and are used by us to chart audience growth, set advertising rates and adjust programming. Advertising rates are generally highest during the morning and afternoon commuting hours.

### **Strategic Diversification and Other Sources of Revenue**

We have expanded our operations to include other media forms that are complementary to our core radio business. Since 2008, we have owned and operated CCI, an online social networking company that hosts the website BlackPlanet, the largest social networking site primarily targeted at African-Americans. CCI is now included as part of the operations of Interactive One and currently generates the majority of the Company’s internet revenue, and derives such revenue principally from advertising services, including advertising aimed at diversity recruiting. Advertising services include the sale of banner and sponsorship advertisements. Advertising revenue is recognized either as impressions (the number of times advertisements appear in viewed pages) are delivered, when “click through” purchases or leads are reported, or ratably over the contract period, where applicable. Interactive One has a diversity recruiting relationship with Monster, Inc. (“Monster”). Monster posts job listings and advertising on Interactive One’s websites and Interactive One earns revenue for displaying the images on its websites.

CCI is a part of our broader interactive unit, Interactive One, which also includes the online brands NewsOne, TheUrbanDaily, Elev8 and HelloBeautiful. Similar to CCI, these web properties primarily derive their revenue from advertising services. Revenue is recognized either as impressions are delivered, when “click through” purchases or leads are reported, or ratably over the contract, where applicable.

In February 2005, we acquired 51% of the common stock of Reach Media, which operates The Tom Joyner Morning Show and related businesses. Reach Media primarily derives its revenue from the sale of advertising inventory in connection with its syndication agreements. Mr. Joyner is a leading nationally syndicated radio personality. As of December 31, 2010, The Tom Joyner Morning Show was broadcast on 106 affiliate stations across the United States and is a top-rated morning show in many of the markets in which it is broadcast. Reach Media provides programming content for TV One and operates [www.BlackAmericaWeb.com](http://www.BlackAmericaWeb.com), an African-American targeted website. Reach Media also operates the Tom Joyner Family Reunion and various other special event-related activities. Prior to 2010, Reach Media used an outside sales representative, Citadel Broadcasting Corporation (“Citadel”), to sell both in-show and outside advertising inventory. Prior to 2010, Citadel also held a noncontrolling ownership interest in Reach. In November 2009, a new agreement was executed (the “New Sales Representation Agreement”) to replace the old agreement which expired on December 31, 2009. Under the New Sales Representation Agreement, effective January 1, 2010, Citadel began selling advertising inventory for the Tom Joyner Morning Show only outside of the show and on a non-exclusive basis. In addition to these outside sales efforts, Reach Media has expanded its internal sales force to sell in-show advertising inventory, event sponsorships and [BlackAmericaWeb.com](http://BlackAmericaWeb.com) advertising. As an inducement for Reach Media to enter into the New Sales Representation Agreement, Citadel returned its noncontrolling ownership interest in Reach Media back to Reach Media. As a result of classifying these shares as treasury stock, this transaction effectively increased Radio One’s common stock interest in Reach Media to 53.5%. In exchange for the return of the ownership interest, Reach Media issued a \$1.0 million promissory note payable to Radio Networks, a subsidiary of Citadel, due in December 2011.

In July 2003, we entered into a joint venture agreement with an affiliate of Comcast Corporation (the “CC Investor”) and certain other investors to create TV One, a cable television network featuring lifestyle, entertainment and news-related programming targeted primarily towards African-American viewers. At that time, we committed to make a cumulative cash investment of \$74.0 million in TV One by December 31, 2006. As of the date of this filing, \$60.3 million of this commitment had been funded. No additional investment has been made since April 2007. Since December 31, 2006, the initial four year commitment period for funding the capital has been extended on a quarterly basis due in part to TV One’s lower than anticipated capital needs during the initial commitment period. Currently, the commitment period has been extended to April 1, 2011. We anticipate funding our remaining capital commitment amounts at or about that time.

In December 2004, TV One entered into a distribution agreement with DIRECTV, Inc. (“DIRECTV”) and certain affiliates of DIRECTV became investors in TV One. As of December 31, 2010, we owned approximately 37% of the outstanding equity interests of TV One on a fully-converted basis.

We entered into separate network services and advertising services agreements with TV One in 2003. Under the network services agreement, we provided TV One with administrative and operational support services and access to Radio One personalities. This agreement was originally scheduled to expire in January 2009, but was extended to January 2010 and was further extended to January 2011. Under the advertising services agreement, we provided a specified amount of advertising to TV One. This agreement was also originally scheduled to expire in January 2009 and was extended to January 2011. In consideration of providing these services, we have received equity in TV One, and receive an annual cash fee of \$500,000 for providing services under the network services agreement. While each of these agreements has expired, we are currently evaluating the agreements given new and anticipated synergies and anticipate entering into similar agreements in the future. The Company is currently negotiating the renewal of these agreements.

We have launched websites that simultaneously stream radio station content for each of our radio stations, and we derive revenue from the sale of advertisements on those websites. We generally encourage our web advertisers to run simultaneous radio campaigns and use mentions in our radio airtime to promote our websites. By providing streaming, we have been able to broaden our listener reach, particularly to “office hour” listeners. We believe streaming has had a positive impact on our radio stations’ reach to listeners. In addition, our station websites link to our other online properties operated by Interactive One acting as traffic sources for these online brands.

In December 2006, we acquired certain assets constituting Giant Magazine, an urban-themed music and lifestyle magazine. In December 2009, we discontinued publication of the magazine. However, we continue to retain the Giant brand as part of our interactive unit at the website [Giantlife.com](http://Giantlife.com).

Future opportunities could include investments in, or acquisitions of, companies in diverse media businesses, music production and distribution, movie distribution, internet-based services, and distribution of our content through emerging distribution systems such as the internet, cellular phones, personal digital assistants, digital entertainment devices and the home entertainment market.

## Competition

The media industry is highly competitive and we face intense competition in both our core radio franchise and in our complementary media properties, including our interactive unit. Our media properties compete for audiences and advertising revenue with other radio stations and with other media such as broadcast and cable television, the internet, satellite radio, newspapers, magazines, direct mail and outdoor advertising, some of which may be controlled by horizontally-integrated companies. Audience ratings and advertising revenue are subject to change and any adverse change in a market could adversely affect our net 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 signal or operations, our stations could suffer a reduction in ratings and advertising revenue. Other media companies which are larger and have more resources may also enter or increase their presence in markets or segments in which we operate. Although we believe our media properties are well positioned to compete, we cannot assure that our properties will maintain or increase their current ratings, market share or advertising revenue.

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

- satellite delivered digital audio radio service with expansive choice, high sound quality and availability on portable devices and in automobiles;
- audio programming by cable television systems and direct broadcast satellite systems; and
- digital audio and video content available for listening and/or viewing on the internet and/or available for downloading to portable devices.

Along with most other public radio companies, we have invested in iBiquity, a developer of digital audio broadcast technology. We committed by the end of 2009 to convert most of our analog broadcast radio stations to in-band, on-channel digital radio broadcasts, which could provide multi-channel, multi-format digital radio services in the same bandwidth currently occupied by traditional AM and FM radio services. However, we cannot assure you that these arrangements will be successful or enable us to adapt effectively to these new media technologies. As of December 31, 2010, we had converted 48 stations to digital broadcast.

Our interactive unit competes for the time and attention of internet users and, thus, advertisers and advertising revenues with a wide range of internet companies such as Yahoo!™ Inc., Google™ and Microsoft™, social networking sites such as MySpace™ and Facebook™ and traditional media companies, which are increasingly offering their own internet products and services. The internet is dynamic and rapidly evolving, and new and popular competitors, such as social networking sites, frequently emerge and/or are fragmented by new and evolving technologies.

## Antitrust Regulation

The agencies responsible for enforcing the federal antitrust laws, the Federal Trade Commission (“FTC”) and the Department of Justice (“DOJ”), may investigate acquisitions. The DOJ has challenged a number of media property transactions. Some of those challenges ultimately resulted in consent decrees requiring, among other things, divestitures of certain media properties. We cannot predict the outcome of any specific DOJ or FTC review of a particular acquisition.

For acquisitions meeting certain size thresholds, the Hart-Scott-Rodino Act requires the parties to file Notification and Report Forms concerning antitrust issues with the DOJ and the FTC and to observe specified waiting period requirements before completing the acquisition. If the investigating agency raises substantive issues in connection with a proposed transaction, the parties involved frequently engage in lengthy discussions and/or negotiations with the investigating agency to address those issues, including restructuring the proposed acquisition or divesting assets. In addition, the investigating agency could file suit in federal court to enjoin the acquisition or to require the divestiture of assets, among other remedies. All acquisitions, regardless of whether they are required to be reported under the Hart-Scott-Rodino Act, may be investigated by the DOJ or the FTC under the antitrust laws before or after completion. In addition, private parties may under certain circumstances bring legal action to challenge an acquisition under the antitrust laws. The DOJ has stated publicly that it believes that local marketing agreements, joint sales agreements, time brokerage agreements and other similar agreements customarily entered into in connection with radio station transfers could violate the Hart-Scott-Rodino Act if such agreements take effect prior to the expiration of the waiting period under the Hart-Scott-Rodino Act. The DOJ has established certain revenue and audience share concentration benchmarks with respect to radio station acquisitions, above which a transaction may receive additional antitrust scrutiny. The DOJ has also investigated transactions that do not meet or exceed these benchmarks and has cleared transactions that do exceed these benchmarks.



## Federal Regulation of Radio Broadcasting

The radio broadcasting industry is subject to extensive and changing regulation by the Federal Communications Commission (“FCC”) of ownership, programming, technical operations, employment and other business practices. The FCC regulates radio broadcast stations pursuant to the Communications Act (the “Communications Act”) of 1934, as amended. 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. Among other things, the FCC:

- assigns frequency bands for radio broadcasting;
- determines the particular frequencies, locations, operating power, interference standards and other technical parameters of radio broadcast stations;
- issues, renews, revokes and modifies radio broadcast station licenses;
- imposes annual regulatory fees and application processing fees to recover its administrative costs;
- establishes technical requirements for certain transmitting equipment to restrict harmful emissions;
- adopts and implements regulations and policies that affect the ownership, operation, program content and employment and business practices of radio broadcast stations; and
- has the power to impose penalties, including monetary forfeitures, for violations of its rules and the Communications Act.

The Communications Act prohibits the assignment of an FCC license, or transfer of control of an FCC licensee, without the prior approval of the FCC. In determining whether to grant or renew a radio broadcast license or consent to assignment or transfer of a license, the FCC considers a number of factors, including restrictions on foreign ownership, compliance with FCC media ownership limits and other FCC rules, the character and other qualifications of the licensee (or proposed licensee) and compliance with the Anti-Drug Abuse Act of 1988. A licensee’s failure to comply with the requirements of the Communications Act or FCC rules and policies may result in the imposition of sanctions, including admonishment, fines, the grant of a license renewal of less than a full eight-year term or with conditions, denial of a license renewal application, the revocation of an FCC license and/or the denial of FCC consent to acquire additional broadcast properties.

Congress, the FCC and, in some cases, local jurisdictions, are considering and may in the future adopt new laws, regulations and policies that could affect the operation, ownership and profitability of our 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 include or may include:

- changes to the license authorization and renewal process;
- proposals to improve record keeping, including enhanced disclosure of stations’ efforts to serve the public interest;
- proposals to impose spectrum use or other fees on FCC licensees;
- changes to rules relating to political broadcasting including proposals to grant free air time to candidates, and other changes regarding political and non-political program content, funding, political advertising rates, and sponsorship disclosures;
- proposals to restrict or prohibit the advertising of beer, wine and other alcoholic beverages;
- proposals regarding the regulation of the broadcast of indecent or violent content;
- proposals to increase the actions stations must take to demonstrate service to their local communities;
- technical and frequency allocation matters, including increased protection of low power FM stations from interference by full-service stations;
- changes in broadcast multiple ownership, foreign ownership, cross-ownership and ownership attribution policies;

- changes to allow satellite radio operators to insert local content into their programming service;
- service and technical rules for digital radio, including possible additional public interest requirements for terrestrial digital audio broadcasters;
- legislation that would provide for the payment of royalties to artists and musicians whose music is played on terrestrial radio stations;
- changes 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.

The FCC also has adopted procedures for the auction of broadcast spectrum in circumstances where two or more parties have filed mutually exclusive applications for authority to construct new stations or certain major changes in existing stations. Such procedures may limit our efforts to modify or expand the broadcast signals of our stations.

We cannot predict what changes, if any, might be adopted or considered in the future, or what impact, if any, the implementation of any particular proposals or changes might have on our business.

*FCC License Grants and Renewals.* 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. A station may continue to operate beyond the expiration date of its license if a timely filed license renewal application is pending. Under the Communications Act, radio broadcast station licenses may be granted for a maximum term of eight years.

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

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

After considering these factors and any petitions to deny a license renewal application (which may lead to a hearing), the FCC may grant the license renewal application with or without conditions, including renewal for a term less than the maximum otherwise permitted. Historically, our licenses have been renewed without any conditions or sanctions imposed; however, there can be no assurance that the licenses of each of our stations will be renewed for a full term without conditions or sanctions.

*Types of FCC Broadcast Licenses.* 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 serves wide areas, particularly at night. A regional channel serves primarily a principal population center and the contiguous rural areas. A local channel serves primarily a community and the suburban and rural areas immediately contiguous to it. Class A, B and C radio stations each operate unlimited time. Class A radio stations render primary and secondary service over an extended area. Class B radio stations render service only over a primary service area. Class C radio stations render service only over a primary service area that may be reduced as a consequence of interference. Class D radio stations operate either daytime hours only, during limited times only, or unlimited time with low nighttime power.

FM class designations depend upon the geographic zone in which the transmitter of the FM radio station is located. The minimum and maximum facilities requirements for an FM radio station are determined by its class. 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, C0 and C. The FCC has adopted a rule subjecting Class C FM stations that do not satisfy a certain antenna height requirement to an involuntary downgrade in class to Class C0 under certain circumstances.

*Radio One's Licenses.* The following table sets forth information with respect to each of our radio stations. A broadcast station's market may be different from its community of license. 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. "ERP" refers to the effective radiated power of an FM radio station. "HAAT" refers to the antenna height above average terrain of an FM radio station.

<b>Market</b>	<b>Station Call Letters</b>	<b>Year of Acquisition</b>	<b>FCC Class</b>	<b>ERP (FM) Power (AM) in Kilowatts</b>	<b>Antenna Height(AM) HAAT (FM) in Meters</b>	<b>Operating Frequency</b>	<b>Expiration Date of FCC License</b>
Atlanta	WUMJ-FM(1)	1999	C3	7.9	175.0	97.5 MHz	4/1/2012
	WAMJ-FM(2)	1999	C3	21.5	110.0	107.5 MHz	4/1/2012
	WHTA-FM	2002	C2	27.0	176.0	107.9 MHz	4/1/2012
Washington, DC	WPZE-FM(3)	2004	A	3.0	143.0	102.5 MHz	4/1/2012
	WOL-AM	1980	C	.37	103.0	1450 kHz	10/1/2011
	WMMJ-FM	1987	A	2.9	146.0	102.3 MHz	10/1/2011
	WKYS-FM	1995	B	24.5	215.0	93.9 MHz	10/1/2011
	WPRS-FM	2008	B	20.0	244.0	104.1 MHz	10/1/2011
	WYCB-AM	1998	C	1.0	103.0	1340 kHz	10/1/2011
Philadelphia	WPPZ-FM(4)	1997	A	0.27	338.0	103.9 MHz	8/1/2014
	WPHI-FM	2000	B	17.0	263.0	100.3 MHz	8/1/2014
	WRNB-FM	2004	A	0.78	276.0	107.9 MHz	6/1/2014
Detroit	WDMK-FM	1998	B	20.0	221.0	105.9 MHz	10/1/2012
	WCHB-AM	1998	B	50.0	49.3	1200 kHz	10/1/2012
	WHTD-FM	1998	B	50.0	152.0	102.7 MHz	10/1/2012
Houston	KMJQ-FM	2000	C	100.0	524.0	102.1 MHz	8/1/2013
	KBXX-FM	2000	C	100.0	585.0	97.9 MHz	8/1/2013
	KROI-FM	2004	C1	21.36	526	92.1 MHz	8/1/2013
Dallas	KBFB-FM	2000	C	99	574	97.9 MHz	8/1/2013
	KSOC-FM	2001	C	100.0	591.0	94.5 MHz	8/1/2013
Baltimore	WWIN-AM	1992	C	0.5	86.9	1400 kHz	10/1/2011
	WWIN-FM	1992	A	3.0	91.0	95.9 MHz	10/1/2011
	WOLB-AM	1993	D	0.25	86.9	1010 kHz	10/1/2011
	WERQ-FM	1993	B	37.0	174.0	92.3 MHz	10/1/2011
St. Louis	WFUN-FM	1999	C3	24.5	102.0	95.5 MHz	12/1/2012
	WHHL-FM	2006	C2	50.0	140.0	104.1 MHz	2/1/2013
Cleveland	WJMO-AM	1999	B	5.0	128.1	1300 kHz	10/1/2012
	WENZ-FM	1999	B	16.0	272.0	107.9 MHz	10/1/2012
	WZAK-FM	2000	B	27.5	189.0	93.1 MHz	10/1/2012
	WERE-AM	2000	C	1.0	106.7	1490 kHz	10/1/2012
Charlotte	WQNC-FM	2000	A	6.0	100.0	92.7 MHz	12/1/2011
	WPZS-FM	2004	A	6.0	100.0	100.9 MHz	12/1/2011
Richmond	WPZZ-FM	1999	C1	100.0	299.0	104.7 MHz	10/1/2011
	WCDX-FM	2001	B1	4.5	235.0	92.1 MHz	10/1/2011
	WKJM-FM	2001	A	6.0	100.0	99.3 MHz	10/1/2011
	WKJS-FM	2001	A	2.3	162.0	105.7 MHz	10/1/2011
	WTPS-AM	2001	C	1.0	121.9	1240 kHz	10/1/2011
Raleigh-Durham	WQOK-FM	2000	C2	50.0	146.0	97.5 MHz	12/1/2011
	WFXX-FM	2000	C1	100.0	299.0	104.3 MHz	12/1/2011
	WFXC-FM	2000	C3	8.0	146.0	107.1 MHz	12/1/2011
	WNNL-FM	2000	C3	7.9	176.0	103.9 MHz	12/1/2011
Boston	WILD-AM	2001	D	4.8	59.6	1090 kHz	4/1/2014
Columbus	WCKX-FM	2001	A	1.9	126.0	107.5 MHz	10/1/2012
	WXMG-FM	2001	A	2.6	154.0	98.9 MHz	10/1/2012
	WJYD-FM	2001	A	6.0	100.0	106.3 MHz	10/1/2012
Cincinnati	WIZF-FM	2001	A	2.5	155.0	101.1 MHz	8/1/2012
	WDBZ-AM	2007	C	1.0	60.7	1230 kHz	10/1/2012
	WMOJ-FM	2006	A	3.1	141.0	100.3 MHz	10/1/2012
Indianapolis(A)	WHHH-FM	2000	A	3.3	87.0	96.3 MHz	8/1/2012
	WTLC-FM	2000	A	6.0	99.0	106.7 MHz	8/1/2012
	WNOU-FM	2000	A	6.0	100.0	100.9 MHz	8/1/2012
	WTLC-AM	2001	B	5.0	140.0	1310 kHz	8/1/2012

- (1) WUMJ-FM effective February 20, 2009 (formerly WPZE-FM).
- (2) WAMJ-FM effective February 27, 2009 (formerly WJZZ-FM).
- (3) WPZE-FM effective February 20, 2009 (formerly WAMJ-FM).
- (4) WPPZ-FM operates with facilities equivalent to 3kW at 100 meters.
- (A) WDNI-CD (formerly WDNI-LP), the low power television station that we acquired in Indianapolis in June 2000, is not included in this table.

To obtain the FCC's prior consent to assign or transfer control of a broadcast license, an appropriate application must be filed with the FCC. If the assignment or transfer involves a substantial change in ownership or control of the licensee, for example, the transfer or acquisition of more than 50% of the voting stock, the applicant must give public notice and the application is subject to a 30-day period for public comment. During this time, interested parties may file petitions with the FCC to deny the application. Informal objections may be filed any time until the FCC acts upon the application. If the FCC grants an assignment or transfer application, administrative procedures provide for petitions seeking reconsideration or full FCC review of the grant. The Communications Act also permits the appeal of a contested grant to a federal court in certain instances.

Under the Communications Act, a broadcast license may not be granted to or held by any persons who are not U.S. citizens or 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. The Communications Act prohibits indirect foreign ownership through a parent company of the licensee of more than 25% if the FCC determines the public interest will be served by the refusal or revocation of such license. The FCC has interpreted this provision of the Communications Act to require an affirmative public interest finding before a broadcast license may be granted to or held by any such entity, and the FCC has made such an affirmative finding only in limited circumstances. Since we serve as a holding company for subsidiaries that serve as licensees for our stations, we are effectively restricted from having more than one-fourth of our stock owned or voted directly or indirectly by non-U.S. citizens or their representatives, foreign governments, representatives of foreign governments or foreign business entities.

The FCC generally applies its media ownership limits to "attributable" interests. The interests of officers, directors and those who directly or indirectly hold five percent or more of the total outstanding voting stock of a corporation that holds a broadcast license are generally deemed attributable interests, as are any limited partnership or limited liability company interests that are not properly "insulated" from management activities. Passive investors that hold stock for investment purposes only may hold attributable interests with the ownership of 20% or more of the voting stock of the licensee corporation. An entity with one or more radio stations in a market that enters into a local marketing agreement or a time brokerage agreement with another radio station in the same market obtains an attributable interest in the brokered radio station, if the brokering station supplies more than 15% of the brokered radio station's weekly broadcast hours. Similarly, a radio station licensee's right under a joint sales agreement ("JSA") to sell more than 15% per week of the advertising time on another radio station in the same market constitutes an attributable ownership interest in such station for purposes of the FCC's ownership rules. Debt instruments, non-voting stock, unexercised options and warrants, minority voting interests in corporations having a single majority shareholder and limited partnership or limited liability company membership interests where the interest holder is not "materially involved" in the media-related activities of the partnership or limited liability company generally do not subject their holders to attribution unless such interests implicate the FCC's equity-debt-plus (or "EDP") rule. Under the EDP rule, a major programming supplier or a same-market media entity will have an attributable interest in a station if the supplier or same-market media entity also holds debt or equity, or both, in the station that is greater than 33% of the value of the station's total debt plus equity. For purposes of the EDP rule, equity includes all stock, whether voting or nonvoting, and interests held by limited partners or limited liability company members that are not materially involved. A major programming supplier is any supplier that provides more than 15% of the station's weekly programming hours. The FCC has adopted revisions to the EDP rule to promote diversification of broadcast ownership, allowing the 33% EDP benchmark to be exceeded in certain circumstances that would enable an "eligible entity" (as defined by the FCC) to acquire a broadcast station.

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

- radio broadcast stations above certain numerical limits serving the same local market;
- radio broadcast stations combined with television broadcast stations above certain numerical limits serving the same local market (radio/television cross ownership); and
- a radio broadcast station and an English-language daily newspaper serving the same local market (newspaper/broadcast cross-ownership), although in late 2007 the FCC adopted a revised rule that would allow a degree of same-market newspaper/broadcast cross-ownership based on certain presumptions, criteria and limitations.

The media ownership rules are subject to periodic review by the FCC. In 2003, the FCC adopted new rules to modify ownership limits, to change the way a local radio market is defined and to make JSAs involving more than 15% of a same-market radio station's advertising sales "attributable" under the ownership limits. The FCC grandfathered existing combinations of radio stations that would not comply with the modified rules. However, the FCC ruled that such noncompliant combinations could not be sold intact except to certain "eligible entities," which the agency defined as entities qualifying as a small business consistent with Small Business Administration standards. The 2003 rules were challenged in court and the Third Circuit stayed their implementation, among other things, on the basis that the FCC did not adequately justify its radio ownership limits. Subsequently, the Third Circuit partially lifted its stay to allow the new local market definition, JSA attribution rule and grandfathering rules to go into effect. The FCC currently is applying such revisions to pending and new applications.

The numerical limits on radio stations that one entity may own in a local market are 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 30 to 44 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 15 to 29 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); and
- 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% of the radio stations in such market.

To apply these tiers, the FCC currently relies on Arbitron Metro Survey Areas, where they exist. In other areas, the FCC relies on a contour-overlap methodology. Under this approach, the FCC uses one overlapping contour methodology for defining a local radio market and counting the number of stations that the applicant controls or proposes to control in that market, and it employs a separate overlapping contour methodology for determining the number of operating commercial radio stations in the market for determining compliance with the local radio ownership caps. For radio stations located outside Arbitron Metro Survey Areas, the FCC is undertaking a rulemaking to determine how to define local radio markets in areas located outside Arbitron Metro Survey Areas. The market definition used by the FCC in applying its ownership rules may not be the same as that used for purposes of the Hart-Scott-Rodino Act.

In its 2003 media ownership decision, the FCC adopted new cross-media limits to replace the former newspaper-broadcast and radio-television cross-ownership rules. These provisions were remanded by the Third Circuit for further FCC consideration and are currently subject to a judicial stay. In 2006, the FCC commenced a new rule making proceeding which addressed the next periodic review and issues on remand from the Third Circuit. At an open meeting on December 18, 2007, the FCC adopted a decision in that proceeding. It revised the newspaper/broadcast cross-ownership rule to allow a degree of same-market newspaper/broadcast ownership based on certain presumptions, criteria and limitations. It made no changes to the currently effective local radio ownership rules (as modified in 2003) or the radio/television cross-ownership rule (as modified in 1999). The FCC's 2007 decision is the subject of a request for reconsideration and various court appeals.

The attribution and media ownership rules limit the number of radio stations we may acquire or own in any particular market and may limit the prospective buyers of any stations we want to sell. The FCC's rules could affect our business in a number of ways, including, but not limited to, the following:

- enforcement of a more narrow market definition based upon Arbitron markets could have an adverse effect on our ability to accumulate stations in a given area or to sell a group of stations in a local market to a single entity;
- restricting the assignment and transfer of control of radio combinations that exceed the new ownership limits as a result of the revised local market definitions could adversely affect our ability to buy or sell a group of stations in a local market from or to a single entity; and
- in general terms, future changes in the way the FCC defines radio markets or in the numerical station caps could limit our ability to acquire new stations in certain markets, our ability to operate stations pursuant to certain agreements, and our ability to improve the coverage contours of our existing stations.

*Programming and Operations.* The Communications Act requires broadcasters to serve the “public interest” by presenting programming in response to community problems, needs and interests and maintaining records demonstrating its responsiveness. The FCC considers complaints from listeners about a broadcast station’s programming, and the station is required to maintain letters and emails it receives from the public regarding station operation on public file for three years. In November 2007, the FCC adopted rules establishing a standardized form for reporting information on a television station’s public interest programming and requiring television broadcasters to post the new form, as well as other documents in their public inspection files, on station websites. The FCC is considering whether to adopt similar rules for radio stations. Moreover, the FCC has proposed rules designed to increase local programming content and diversity, including renewal application processing guidelines for locally-oriented programming and a requirement that broadcasters establish advisory boards in the communities where they own stations. Stations also must follow FCC rules and policies regulating political advertising, obscene or indecent programming, sponsorship identification, contests and lotteries and technical operation, including limits on human exposure to radio frequency radiation.

The FCC’s rules 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, and only if the contours of the radio stations overlap in a certain manner.

The FCC requires that licensees not discriminate in hiring practices on the basis of race, color, religion, national origin or gender. It also requires stations with at least five full-time employees to disseminate information about all full-time job openings and undertake outreach initiatives from an FCC list of activities such as participation in job fairs, internships or scholarship programs. The FCC is considering whether to apply these recruitment requirements to part-time employment positions. Stations must retain records of their outreach efforts and keep an annual Equal Employment Opportunity (“EEO”) report in their public inspection files and post an electronic version on their websites. Radio stations with more than 10 full-time employees must file certain EEO reports with the FCC midway through their license term.

From time to time, complaints may be filed against any of our radio stations alleging violations of these or other rules. In addition, the FCC may conduct audits or inspections to ensure and verify licensee compliance with FCC rules and regulations. Failure to observe these or other rules and regulations 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.

## **Employees**

As of December 31, 2010, we employed 867 full-time employees and 385 part-time employees. Our employees are not unionized; however, some of our employees were at one point covered by collective bargaining agreements that we assumed in connection with certain of our station acquisitions. We have not experienced any work stoppages and believe relations with our employees are satisfactory.

## **Corporate Governance**

*Code of Ethics.* We have adopted a code of ethics that applies to all of our directors, officers (including our principal financial officer and principal accounting officer) and employees and meets the requirements of the SEC and the NASDAQ Stock Market Rules. Our code of ethics can be found on our website, [www.radio-one.com](http://www.radio-one.com). We will provide a paper copy of the code of ethics, free of charge, upon request.

*Audit Committee Charter.* Our audit committee has adopted a charter as required by the NASDAQ Stock Market Rules. This committee charter can be found on our website, [www.radio-one.com](http://www.radio-one.com). We will provide a paper copy of the audit committee charter, free of charge, upon request.

*Compensation Committee Charter.* Our board of directors has adopted a compensation committee charter. We will provide a paper copy of the compensation committee charter, free of charge, upon request.

## **Internet Address and Internet Access to SEC Reports**

Our internet address is [www.radio-one.com](http://www.radio-one.com). You may obtain through our internet website, free of charge, copies of our proxies, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934. These reports are available as soon as reasonably practicable after we electronically file them with or furnish them to the SEC. Our website and the information contained therein or connected thereto shall not be deemed to be incorporated into this Form 10-K.

## ITEM 1A. RISK FACTORS

Our future operating results could be adversely affected by a number of risks and uncertainties, the most significant of which are described below, but in no particular order.

### *Risks Related to the Nature and Operations of Our Business*

***The state and condition of the global financial markets and the U.S. economy may have an unpredictable impact on our business and financial condition.***

The global equity and credit markets continue to experience high levels of volatility and disruption. In some cases, the markets have produced downward pressure on stock prices and limited credit capacity for certain companies without regard to those companies' underlying financial strength. In addition, deterioration in the global and U.S. economies has produced a drop in consumer confidence and spending, which has impacted corporate profits and resulted in cutbacks in advertising budgets. If the economic deterioration and/or current levels of market disruption and volatility continue or worsen, there can be no assurance that we will not experience a further adverse effect, which may be material, on our business, financial condition, results of operations and our ability to access capital. For example, any worsening of the economy, continuing geopolitical uncertainty, a continuation of market volatility or further weakness in consumer spending could continue to adversely impact the overall demand for advertising. Such a result could have a negative effect on our revenues and results of operations. In addition, our ability to access the capital markets may be severely restricted at a time when we would like, or need, to do so, which could have an impact on our flexibility to react to changing economic and business conditions.

***Any worsening or deterioration of the economy's ongoing gradual recovery could negatively impact our ability to meet our cash needs and our ability to maintain compliance with our debt covenants.***

We believe we will be able to maintain compliance with the covenants contained in our amended and restated senior credit facility for the foreseeable future. This belief is based on our most recent revenue, operating income and cash flow projections. Our projections, however, are highly dependent on the continuation of the recently improving economic and advertising environments, and any adverse fluctuations, or other unforeseen circumstances, may negatively impact our operations beyond those assumed by management. If economic conditions do not continue to improve, or deteriorate, or if other adverse factors outside our control arise, our operations could be negatively impacted, which could prevent us from maintaining compliance with our debt covenants. If it appears that we could not meet our liquidity needs or that noncompliance with debt covenants is likely, we would implement remedial measures (as we have done in the past), which could include operating cost and capital expenditure reductions and deferrals, seeking our share of distributions from TV One to the extent not already received (which cannot be assured) and/or further de-leveraging actions, which may include other debt repayment, subject to our available liquidity and contractual ability to make such repurchases.

***We have incurred net losses over the past three years which could continue into the future.***

We have reported net losses in our consolidated statements of operations over the past three years, due mostly in part to recording non-cash impairment charges for write-downs to radio broadcasting licenses and goodwill, net losses incurred for discontinued operations and revenue declines caused by weakened advertising demand resulting from the current economic crisis. For the years ended December 31, 2010, 2009 and 2008, we experienced net losses of approximately \$28.6 million, \$52.9 million, and \$302.9 million, respectively. These results have had a negative impact on our financial condition and could be exacerbated given the current economic climate. If these trends continue in the future, they could have a material adverse affect on our financial condition.

***Our revenue is substantially dependent on spending and allocation decisions by advertisers, and seasonality and/or weakening economic conditions may have an impact upon our business.***

Substantially all of our revenue is derived from sales of advertisements and program sponsorships to local and national advertisers. Cutbacks or changes in advertisers' spending priorities and/or allocations across different types of media may affect our results. We do not obtain long-term commitments from our advertisers and advertisers may cancel, reduce or postpone advertisements without penalty, which could adversely affect our revenue. Seasonal net revenue fluctuations are common in the media industries and are due primarily to fluctuations in advertising expenditures by local and national advertisers. In addition, advertising revenues in even-numbered years tend to benefit from advertising placed by candidates for political offices. The effects of such seasonality, combined with the severe structural changes that have occurred in the U.S. economy, make it difficult to estimate future operating results based on the previous results of any specific quarter and may adversely affect operating results.

Advertising expenditures also tend to be cyclical and reflect general economic conditions both nationally and locally. Because we derive a substantial portion of our revenues from the sale of advertising, a decline or delay in advertising expenditures could reduce our revenues or hinder our ability to increase these revenues. Advertising expenditures by companies in certain sectors of the economy, including the automotive, financial, entertainment and retail industries, represent a significant portion of our advertising revenues. Structural changes (such as the decreased number of automotive dealers and brands) and business failures in these industries have affected our revenues and continued structural changes, consolidation or business failures in any of these industries could have significant further impact on our revenues. Any political, economic, social or technological change resulting in a significant reduction in the advertising spending of these sectors could adversely affect our advertising revenues or its ability to increase such revenues. In addition, because many of the products and services offered by our advertisers are largely discretionary items, weakening economic conditions could reduce the consumption of such products and services and, thus, reduce advertising for such products and services. Changes in advertisers' spending priorities during economic cycles (such as the current cycle) may also affect our results. Disasters, acts of terrorism, political uncertainty or hostilities also could lead to a reduction in advertising expenditures as a result of uninterrupted news coverage and economic uncertainty.

***Pricing for advertising may continue to face downward pressure.***

During 2009 and 2010, in response to weakness and fluctuations in the economy, advertisers increasingly purchased lower-priced inventory rather than higher-priced inventory, and increasingly demanded lower pricing, in addition to increasingly purchasing later and through advertising inventory from third-party advertising networks. If advertisers continue to demand lower-priced inventory and/or otherwise continue to put downward pressure on pricing, our operating margins and ability to generate revenue could be further adversely affected.

***Our success is dependent upon audience acceptance of our content, particularly our radio programs, which is difficult to predict.***

Media and radio content production and distribution are inherently risky businesses because the revenues derived from the production and distribution of media content or a radio program, and the licensing of rights to the intellectual property associated with the content or program, depend primarily upon their acceptance by the public, which is difficult to predict. The commercial success of content or a program also depends upon the quality and acceptance of other competing programs released into the marketplace at or near the same time, the availability of alternative forms of entertainment and leisure time activities, general economic conditions and other tangible and intangible factors, all of which are difficult to predict. Finally, the costs of content and programming may change significantly if new performance royalties (such as those that have been proposed by members of Congress from time to time) are imposed upon radio broadcasters or internet operators and such changes could have a material impact upon our business.

Ratings for broadcast stations and traffic or visitors on a particular website are also factors that are weighed when advertisers determine which outlets to use and in determining the advertising rates that the outlet receives. Poor ratings or traffic levels can lead to a reduction in pricing and advertising revenues. For example, if there is an event causing a change of programming at one of our stations, there could be no assurance that any replacement programming would generate the same level of ratings, revenues or profitability as the previous programming. In addition, changes in ratings methodology and technology could adversely impact our ratings and negatively affect our advertising revenues.

Arbitron, the leading supplier of ratings data for U.S. radio markets, has developed technology to passively collect data for its ratings service. The Portable People Meter™ (the "PPM™") is a small, pager-sized device that does not require any active manipulation by the end user and is capable of automatically measuring radio, television, Internet, satellite radio and satellite television signals that are encoded for the service by the broadcaster. All of our market ratings are being measured by the PPM™ with the exception of Richmond. Due to its smaller market size, Richmond will remain on the diary methodology. In each market, there has been a compression in the relative ratings of all stations in the market, enhancing the competitive pressure within the market for advertising dollars. In addition, ratings for certain stations when measured by the PPM™ as opposed to the traditional diary methodology can be materially different. Because of the competitive factors we face and the introduction of the PPM™, we cannot assure investors that we will be able to maintain or increase our current audience ratings and advertising revenue.

***A disproportionate share of our net revenue comes from radio stations in a small number of geographic markets and from Reach Media.***

For the year ended December 31, 2010, approximately 83.5% of our net revenue was generated from the sale of advertising in our core radio business. Within our core radio business, four of the 16 markets in which we operate radio stations accounted for approximately 54.1% of our radio station net revenue for the year ended December 31, 2010. Revenue from the operations of Reach Media, along with revenue from both the Houston and Washington, DC markets accounted for approximately 39.2% of our total consolidated net revenue for the year ended December 31, 2010. Adverse events or conditions (economic or otherwise) could lead to declines in the contribution of Reach Media or to declines in one or more of the significant contributing markets (Houston, Washington, DC, Atlanta and Baltimore), which could have a material adverse effect on our overall financial performance and results of operations.



***Our relationship with a significant customer has changed and we no longer have a guaranteed level of revenue from that customer.***

Historically, we derived a significant portion of our net revenue from a single customer, Radio Networks, LLC (“Radio Networks”), a media representation firm which is owned by Citadel. Prior to January 1, 2010, Reach Media, a subsidiary of which we own 53.5%, derived a substantial majority of its net revenue from a sales representative agreement (the “Sales Representation Agreement”) with Radio Networks. The Sales Representation Agreement called for Radio Networks to act as Reach Media’s sales representative primarily for advertising airing on over 106 affiliate radio stations broadcasting the Tom Joyner Morning Show, and to also serve as its sales representative for internet and events sales. The Sales Representation Agreement provided for Radio Networks to retain a portion of Reach Media’s advertising revenues only after satisfying certain minimum revenue guarantee obligations to Reach Media. Further, but to a lesser extent, revenue for Company owned radio stations was also generated from Radio Networks for barter agreements whereby we provided advertising time in exchange for programming content (the “RN Barter Revenue”). Net revenue attributable to the Sales Representation Agreement and the RN Barter Revenue began to account for more than 10% of our total consolidated net revenues as of the fiscal year ended December 31, 2006, and during the years ended December 31, 2009, 2008 and 2007 accounted for 11.9%, 10.6% and 10.8%, respectively, of our total consolidated net revenues.

The Sales Representation Agreement expired in accordance with its terms on December 31, 2009. Reach Media continues to retain Radio Networks in a sales representation capacity; however, Radio Networks is now compensated on a commission basis and Reach Media does not benefit from any guaranteed revenue under its current arrangement with Radio Networks. Further, Reach Media has established its own sales force that is primarily selling in-program advertising inventory. However, there is no assurance that we will be able to replace the lost guaranteed revenue with revenues from new or other existing customers.

***We may lose audience share and advertising revenue to our competitors.***

Our radio stations and other media properties compete for audiences and advertising revenue with other radio stations and station groups and other media such as broadcast television, newspapers, magazines, cable television, satellite television, satellite radio, outdoor advertising, the internet and direct mail. Adverse changes in audience ratings, internet traffic and market shares could have a material adverse effect on our revenue. Larger media companies with more financial resources than we have may enter the markets in which we operate causing competitive pressure. Further, other media and broadcast companies may change their programming format or engage in aggressive promotional campaigns to compete directly with our media properties for audiences and advertisers. This competition could result in lower ratings or traffic and, hence, lower advertising revenue for us or cause us to increase promotion and other expenses and, consequently, lower our earnings and cash flow. Changes in population, demographics, audience tastes and other factors beyond our control, including the impact of new audience measurement technology, could also cause changes in audience ratings or market share. Failure by us to respond successfully to these changes could have an adverse effect on our business and financial performance. We cannot assure you that we will be able to maintain or increase our current audience ratings and advertising revenue.

***If we are unable to successfully identify, acquire and integrate businesses pursuant to our diversification strategy, our business and prospects may be adversely impacted.***

We are pursuing a strategy of acquiring and investing in other forms of media that complement our core radio business in an effort to grow and diversify our business and revenue streams. This strategy depends on our ability to find suitable opportunities and obtain acceptable financing. Negotiating transactions and integrating an acquired business could result in significant costs, including significant use of management’s time and resources.

Our diversification strategy partially depends on our ability to identify attractive media properties at reasonable prices and to divest properties that are no longer strategic to our business. Further, entering new businesses may subject us to additional risk factors. Some of the material risks that could hinder our ability to implement this strategy include:

- . continued economic fluctuations;
- . inability to find buyers for media properties we target for sale at attractive prices due to decreasing market prices for radio stations or the inability to obtain credit in the current economic environment;
- . failure or delays in completing acquisitions or divestitures due to difficulties in obtaining required regulatory approval, including possible difficulties by the seller or buyer in obtaining antitrust approval for acquisitions in markets where we already own multiple stations or establishing compliance with broadcast ownership rules;
- . reduction in the number of suitable acquisition targets due to increased competition for acquisitions;
- . we may lose key employees of acquired companies or stations;
- . difficulty in integrating operations and systems and managing a diverse media business;
- . failure of some acquisitions to prove profitable or generate sufficient cash flow; and
- . inability to finance acquisitions on acceptable terms, through incurring debt or issuing stock.

We can provide no assurance that our diversification strategy will be successful.

***Reach Media noncontrolling interest shareholders' put rights may have an impact upon our business and indebtedness.***

On February 28, 2012 and each anniversary thereafter, for a 30-day period after each such date, the noncontrolling interest shareholders of Reach Media have the right to require Reach Media to purchase all or a portion of their shares at the then current fair market value for such shares. The purchase price for such shares may be paid in cash and/or registered shares of our Class D Common Stock, at our discretion. If we chose to pay for the noncontrolling interest in cash, our ability to fund business operations, new acquisitions or new business initiatives could be limited.

***We must respond to the rapid changes in technology, services and standards in order to remain competitive.***

Technological standards across our media properties are evolving and new media technologies are emerging. We cannot assure you that we will have the resources to acquire new technologies or to introduce new services to compete with these new technologies. Several new media technologies are being, or have been, developed, including the following:

- satellite delivered digital audio radio service, which has resulted in the introduction of several new satellite radio services with sound quality equivalent to that of compact discs;
- audio programming by cable television systems, direct broadcast satellite systems, internet content providers and other digital audio broadcast formats; and
- digital audio and video content available for listening and/or viewing on the internet and/or available for downloading to portable devices (including audio via Wi-Fi, mobile phones, smart phones, netbooks and similar portable devices, WiMAX, the Internet and MP3 players).

New media has resulted in fragmentation in the advertising market, and we cannot predict the effect, if any, that additional competition arising from new technologies may have on the radio broadcasting industry, our multi-media business or on our financial condition and results of operations, which may be adversely affected if we are not able to adapt successfully to these new media technologies.

***The loss of key personnel, including certain on-air talent, could disrupt the management and operations of our business.***

Our business depends upon the continued efforts, abilities and expertise of our executive officers and other key employees, including certain on-air personalities. We believe that the combination of skills and experience possessed by our executive officers could be difficult to replace, and that the loss of one or more of them could have a material adverse effect on us, including the impairment of our ability to execute our business strategy. In addition, several of our on-air personalities and syndicated radio programs hosts have large loyal audiences in their respective broadcast areas and may be significantly responsible for the ranking of a station. The loss of such on-air personalities could impact the ability of the station to sell advertising and our ability to derive revenue from syndicating programs hosted by them. We cannot be assured that these individuals will remain with us or will retain their current audiences or ratings.

***As a part of our diversification strategy, we have placed emphasis on building our internet businesses. Failure to effectuate this strategy may adversely affect our brands and business prospects.***

Our diversification strategy depends to a significant degree upon the development of our internet businesses. In order for our internet businesses to grow and succeed over the long-term, we must, among other things:

- significantly increase our online traffic and revenue;
- attract and retain a base of frequent visitors to our web sites;
- expand the content, products and tools we offer on our web sites;
- respond to competitive developments while maintaining a distinct identity across each of our online brands;
- attract and retain talent for critical positions;
- maintain and form relationships with strategic partners to attract more consumers;
- continue to develop and upgrade our technologies; and
- bring new product features to market in a timely manner.

We cannot assure that we will be successful in achieving these and other necessary objectives. If we are not successful in achieving these objectives, our business, financial condition and prospects could be adversely affected.

***If our interactive unit does not continue to develop and offer compelling and differentiated content, products and services, our advertising revenues could be adversely affected.***

In order to attract internet consumers and generate increased activity on our internet properties, we believe that we must offer compelling and differentiated content, products and services. However, acquiring, developing and offering such content, products and services may require significant costs and time to develop, while consumer tastes may be difficult to predict and are subject to rapid change. If we are unable to provide content, products and services that are sufficiently attractive to our internet users, we may not be able to generate the increases in activity necessary to generate increased advertising revenues. In addition, although we have access to certain content provided by our other businesses, we may be required to make substantial payments to license such content. Many of our content arrangements with third parties are non-exclusive, so competitors may be able to offer similar or identical content. If we are not able to acquire or develop compelling content and do so at reasonable prices, or if other companies offer content that is similar to that provided by our interactive unit, we may not be able to attract and increase the engagement of internet consumers on our internet properties.

Continued growth in our internet advertising business also depends on our ability to continue offering a competitive and distinctive range of advertising products and services for advertisers and publishers and our ability to maintain or increase prices for our advertising products and services. Continuing to develop and improve these products and services may require significant time and costs. If we cannot continue to develop and improve its advertising products and services or if prices for its advertising products and services decrease, our internet advertising revenues could be adversely affected.

***More individuals are using devices other than personal and laptop computers to access and use the internet, and, if we cannot make our products and services available and attractive to consumers via these alternative devices, our internet advertising revenues could be adversely affected.***

Internet users are increasingly accessing and using the internet through devices other than a personal or laptop computer, such as personal digital assistants or mobile telephones, which differ from computers with respect to memory, functionality, resolution and screen size. In order for consumers to access and use our products and services via these alternative devices, we must ensure that our products and services are technologically compatible with such devices. We also must secure arrangements with device manufacturers and wireless carriers in order to have placement and functionality on the alternative devices and to more effectively reach consumers. If we cannot effectively make our products and services available on alternative devices, fewer internet consumers may access and use our products and services and our advertising revenue may be negatively affected.

***Unrelated third parties may claim that we infringe on their rights based on the nature and content of information posted on websites maintained by us.***

We host internet services that enable individuals to exchange information, generate content, comment on our content, and engage in various online activities. The law relating to the liability of providers of these online services for activities of their users is currently unsettled both within the U.S. and internationally. While we monitor postings to such websites, claims may be brought against us for defamation, negligence, copyright or trademark infringement, unlawful activity, tort, including personal injury, fraud, or other theories based on the nature and content of information that may be posted online or generated by our users. Our defense of such actions could be costly and involve significant time and attention of our management and other resources.

***If we are unable to protect our domain names, our reputation and brands could be adversely affected.***

We currently hold various domain name registrations relating to our brands, including radio-one.com and interactiveone.com. The registration and maintenance of domain names generally are regulated by governmental agencies and their designees. Governing bodies may establish additional top-level domains, appoint additional domain name registrars or modify the requirements for holding domain names. As a result, we may be unable to register or maintain relevant domain names. We may be unable, without significant cost or at all, to prevent third parties from registering domain names that are similar to, infringe upon or otherwise decrease the value of, our trademarks and other proprietary rights. Failure to protect our domain names could adversely affect our reputation and brands, and make it more difficult for users to find our websites and our services.

***Future asset impairment to the carrying values of our FCC licenses and goodwill could adversely impact our results of operations and net worth.***

FCC licenses and goodwill totaled approximately \$800.1 million, or 80.1% of our total assets, at December 31, 2010, and is primarily attributable to accounting for acquisitions in past years. We are required by Accounting Standards Codification (“ASC”) 350, “*Intangibles – Goodwill and Other*,” to test our goodwill and indefinite-lived intangible assets for impairment at least annually, which we have traditionally done in the fourth quarter, or on an interim basis when events or changes in circumstances suggest impairment may have occurred. Impairment is measured as the excess of the carrying value of the goodwill or indefinite-lived intangible asset over its fair value. Impairment may result from deterioration in our performance, changes in anticipated future cash flows, changes in business plans, adverse economic or market conditions, adverse changes in applicable laws and regulations, or other factors beyond our control. The amount of any impairment must be expensed as a charge to operations. Fair values of FCC licenses and goodwill have been estimated using the income approach, which involves a 10-year model that incorporates several judgmental assumptions about projected revenue growth, future operating margins, discount rates and terminal values. We also utilize a market-based approach to evaluate the reasonableness of our fair value estimates. There are inherent uncertainties related to these assumptions and our judgment in applying them to the impairment analysis.

As discussed in Note 5 to our audited financial statements included elsewhere in this prospectus, the lingering economic downturn and limited credit environment has weakened advertising demand in general, and has led to declining radio and online advertising, reduced growth expectations, deteriorating profits and cash flows, debt downgrades and fewer sales transactions with lower multiples. We performed interim impairment testing as of February 2010, May 2010 and August 2010 for Reach Media due to declining revenue projections and actual results which did not meet budget. The results of these interim tests indicated that the carrying value for Reach Media had not been impaired. The results of our annual impairment testing as of October 1, 2010 were to record impairment charges of approximately \$19.9 million against radio broadcasting licenses in one of our 16 radio markets and our year end impairment testing resulted in the impairment of goodwill for Reach Media in the amount of \$16.1 million. For the years ended December 31, 2010, 2009 and 2008, we recorded impairment charges against radio broadcasting licenses and goodwill of approximately \$36.1 million, \$65.6 million and \$420.2 million, respectively.

Changes in certain events or circumstances could result in changes to our estimated fair values, and may result in further write-downs to the carrying values of these assets. Additional impairment charges could adversely affect our financial results, financial ratios and could limit our ability to obtain financing in the future.

***We could incur adverse effects from our voluntary review of stock option grants and resulting financial restatements.***

As described in the Explanatory Note and Note 2 to the consolidated financial statements filed with our Form 10-K for the year ended December 31, 2006, we recorded additional stock-based compensation expense and related tax effects with regard to certain past stock option grants, and restated certain previously filed financial statements included in that Form 10-K. In February 2007, we received a letter of informal inquiry from the SEC regarding the review of our stock option accounting. While we have not heard further from the SEC on this matter to date, should the SEC further inquire, we would fully cooperate with the SEC’s inquiry. We are unable to predict whether a formal inquiry will be initiated or what consequences any further inquiry may have on us. We are unable to predict the likelihood of or potential outcomes from litigation, regulatory proceedings or government enforcement actions relating to our past stock option practices. The resolution of these matters could be time-consuming and expensive, further distract management from other business concerns and harm our business. Furthermore, if we were subject to adverse findings in litigation, regulatory proceedings or government enforcement actions, we could be required to pay damages or penalties or have other remedies imposed, which could harm our business and financial condition.

While we believe that we have made appropriate judgments in determining the correct measurement dates for our historical stock option grants, the SEC may disagree with the manner in which we have accounted for and reported the financial impact. Accordingly, there is a risk we may have to further restate prior financial statements, amend prior filings with the SEC, or take other actions not currently contemplated.

## **Risks Related to Regulation**

***Our business depends on maintaining our licenses with the FCC. We could be prevented from operating a radio station if we fail to maintain its license.***

Within our primary business, we are required to maintain radio broadcasting licenses issued by the FCC. These licenses are ordinarily issued for a maximum term of eight years and are renewable. Our radio broadcasting licenses expire at various times beginning October 1, 2011 through August 1, 2014. Interested third-parties may challenge our renewal applications. In addition, we are subject to extensive and changing regulation by the FCC with respect to such matters as programming, indecency standards, technical operations, employment and business practices. If we or any of our significant stockholders, officers, or directors violate the FCC's rules and regulations or the Communications Act of 1944, as amended (the "Communications Act"), or is convicted of a felony, the FCC may commence a proceeding to impose fines or sanctions upon us. Examples of possible sanctions include the imposition of fines, the renewal of one or more of our broadcasting licenses for a term of fewer than eight years or the revocation of our broadcast licenses. If the FCC were to issue an order denying a license renewal application or revoking a license, we would be required to cease operating the radio station covered by the license only after we had exhausted administrative and judicial review without success.

***There is significant uncertainty regarding the FCC's media ownership rules, and such rules could restrict our ability to acquire radio stations.***

The Communications Act and FCC rules and policies limit the number of broadcasting properties that any person or entity may own (directly or by attribution) in any market and require FCC approval for transfers of control and assignments of licenses. The FCC's media ownership rules remain in flux and subject to further agency and court proceedings. On May 25, 2010, the FCC instituted an inquiry as part of its 2010 quadrennial review of its media ownership rules to seek public comment on and evaluate such rules to determine whether any changes are warranted. See the information contained in "Business—Federal Regulation of Radio Broadcasting."

In addition to the FCC media ownership rules, the outside media interests of our officers and directors could limit our ability to acquire stations. The filing of petitions or complaints against Radio One or any FCC licensee from which we are acquiring a station could result in the FCC delaying the grant of, or refusing to grant or imposing conditions on its consent to the assignment or transfer of control of licenses. The Communications Act and FCC rules and policies also impose limitations on non-U.S. ownership and voting of our capital stock.

***Increased enforcement by the FCC of its indecency rules against the broadcast industry could adversely affect our business operations.***

In 2004, the FCC indicated that it was enhancing its enforcement efforts relating to the regulation of indecency. Congress has increased the penalties for broadcasting indecent programming and potentially subject broadcasters to license revocation, renewal or qualification proceedings in the event that they broadcast indecent material. In addition, the FCC's heightened focus on the indecency regulatory scheme, against the broadcast industry generally, may encourage third parties to oppose our license renewal applications or applications for consent to acquire broadcast stations. The change in administration at the federal level could foster a change in the FCC's enforcement posture. See "Vigorous enforcement or enhancement of FCC indecency and other program content rules against the broadcast and cable industries could have an adverse effect on TV One's businesses and results of operations" below.

***Changes in current federal regulations could adversely affect our business operations.***

Congress and the FCC have considered, and may in the future consider and adopt, new laws, regulations and policies that could, directly or indirectly, affect the profitability of our broadcast stations. In particular, Congress is considering a revocation of radio's exemption from paying royalties to performing artists for use of their recordings (radio already pays a royalty to songwriters, composers and publishers). In addition, commercial radio broadcasters and entities representing artists are negotiating agreements that could result in broadcast stations paying royalties to artists. A requirement to pay additional royalties could have an adverse effect on our business operations and financial performance.

***New or changing federal, state or international privacy legislation or regulation could hinder the growth of our internet business.***

A variety of federal and state laws govern the collection, use, retention, sharing and security of consumer data that our internet business uses to operate its services and to deliver certain advertisements to its customers, as well as the technologies used to collect such data. Not only are existing privacy-related laws in these jurisdictions evolving and subject to potentially disparate interpretation by governmental entities, new legislative proposals affecting privacy are now pending at both the federal and state level in the U.S. Changes to the interpretation of existing law or the adoption of new privacy-related requirements could hinder the growth of our internet business. Also, a failure or perceived failure to comply with such laws or requirements or with our own policies and procedures could result in significant liabilities, including a possible loss of consumer or investor confidence or a loss of customers or advertisers.

***Our operation of various real properties and facilities could lead to environmental liability.***

As the owner, lessee or operator of various real properties and facilities, we are subject to various federal, state and local environmental laws and regulations. Historically, compliance with these laws and regulations has not had a material adverse effect on our business. There can be no assurance, however, that compliance with existing or new environmental laws and regulations will not require us to make significant expenditures of funds.

## **Risks Related to Our Corporate Governance Structure**

*Two common stockholders have a majority voting interest in Radio One and have the power to control matters on which our common stockholders may vote, and their interests may conflict with yours.*

As of December 31, 2010, our Chairperson and her son, our President and CEO, collectively held approximately 92% of the outstanding voting power of our common stock. As a result, our Chairperson and our CEO control our management and policies and most decisions involving or impacting upon Radio One, including transactions involving a change of control, such as a sale or merger. The interests of these stockholders may differ from the interests of our other stockholders and our debtholders. In addition, certain covenants in our debt instruments require that our Chairperson and the CEO maintain a specified ownership and voting interest in Radio One, and prohibit other parties' voting interests from exceeding specified amounts. In addition, the TV One joint venture agreement provides for adverse consequences to Radio One in the event our Chairperson and CEO fail to maintain a specified ownership and voting interest in us. Our Chairperson and the CEO have agreed to vote their shares together in elections of members to the board of directors of Radio One.

Further, we are a "controlled company" under rules governing the listing of our securities on the NASDAQ Stock Market because more than 50% of our voting power is held by our Chairperson and the CEO. Therefore, we are not subject to NASDAQ Stock Market listing rules that would otherwise require us to have: (i) a majority of independent directors on the board; (ii) a compensation committee composed solely of independent directors; (iii) a nominating committee composed solely of independent directors; (iv) compensation of our executive officers determined by a majority of the independent directors or a compensation committee composed solely of independent directors; and (v) director nominees selected, or recommended for the board's selection, either by a majority of the independent directors or a nominating committee composed solely of independent directors.

## **Risks Related to our Substantial Indebtedness**

*Our substantial level of indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations.*

We have substantial indebtedness. As of December 31, 2010, we had approximately \$642.2 million of total indebtedness, which included approximately \$747,000 related to our 2013 Notes and \$286.8 million related to our 2016 Notes. In addition, subject to restrictions in our senior credit facility and the indentures governing our notes, we may incur additional indebtedness. Our high level of indebtedness could have important consequences, including the following:

- it may be more difficult for us to satisfy our obligations with respect to our senior credit facility and other indebtedness;
- our ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes may be impaired;
- we must use a substantial portion of our cash flow from operations to pay interest and principal on our indebtedness, which may reduce the funds available to us for other purposes, such as capital expenditures;
- we may be limited in our ability to borrow additional funds;
- we may have a higher level of indebtedness than some of our competitors, which may put us at a competitive disadvantage and reduce our flexibility in planning for, or responding to, changing conditions in our industry, including increased competition; and
- we are more vulnerable to economic downturns and adverse developments in our business.

We expect to obtain the money to pay our expenses and to pay the principal and interest on our notes, our senior credit facility and other debt from cash flow from our operations, including our interest in TV One via distributions that may be made by TV One. Our ability to meet our expenses thus depends on our future performance, which will be affected by financial, business, economic and other factors. We will not be able to control many of these factors, such as economic conditions in the markets where we operate and pressure from competitors. Further, as noted below, TV One recently incurred substantial indebtedness. Our cash flow may not be sufficient to allow us to pay principal and interest on our debt and meet our other obligations. If we do not have enough liquidity, we may be required to refinance all or part of our existing debt, sell assets or borrow more money. We may not be able to do so on terms acceptable to us, if at all. In addition, the terms of existing or future debt agreements, including our senior credit facility and the indenture governing our notes may restrict us from pursuing any of these alternatives.

***Our independent registered public accounting firm recently issued an opinion expressing substantial doubt as to our ability to continue as a going concern and, while the issues giving rise to that opinion have been cured, a similar issue could arise in the future.***

In its report dated August 23, 2010, which was included in our Amended Annual Report on Form 10-K/A for the year ended December 31, 2009, filed August 23, 2010, our independent registered public accounting firm issued an opinion expressing substantial doubt as to our ability to continue as a going concern, given certain covenant violations under our loan agreements which could have resulted in significant portions of our outstanding debt becoming callable by our lenders. These violations were cured as a part of certain refinancing transactions more fully described in our Current Report on Form 8-K filed, December 1, 2010. Having cured these violations, our audited financial statements have been prepared assuming that we will continue as a going concern (which contemplates the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future). Our amended and restated senior credit facility matures on June 30, 2012. Under United States Generally Accepted Accounting Principles ("U.S. GAAP"), debt coming due within one year must be classified as a current liability. Therefore, unless we have refinanced our amended and restated senior credit facility prior to July 1, 2011, we will be required to reclassify the senior credit facility as current indebtedness under U.S. GAAP. We are currently evaluating a number of alternatives with respect to the upcoming maturity of the amended and restated senior credit facility. Our ability to consummate any such alternatives will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors, some of which may be beyond our control. Accordingly, there is no assurance that the Company will successfully enter into any definitive agreements for such alternatives.

***Our failure to comply with restrictive covenants contained in our senior credit facility or the indentures governing our notes could lead to an event of default under such instruments.***

Our senior credit facility and the indentures governing our notes impose significant covenants on us. The agreement governing our senior credit facility also requires us to achieve specified financial and operating results and maintain compliance with specified financial ratios and satisfy other financial condition tests. Our ability to comply with these ratios may be affected by events beyond our control. Our breach of any restrictive covenants in the agreement governing our senior credit facility or the indentures governing our notes or our inability to comply with the required financial ratios could result in a default under the agreement governing our senior credit facility. If a default occurs, the lenders under our senior credit facility may elect to declare all borrowings outstanding, together with all accrued interest and other fees, to be immediately due and payable which would result in an event of default under our notes. The lenders would also have the right in these circumstances to terminate any commitments they have to provide further borrowings. If we are unable to repay outstanding borrowings when due, the lenders under our senior credit facility will also have the right to proceed against our collateral, including our available cash and owned real property, granted to them to secure the indebtedness. If the indebtedness under our senior credit facility or our notes were to be accelerated, we cannot assure you that our assets would be sufficient to repay in full that indebtedness and our other indebtedness.

***Despite current anticipated indebtedness levels and restrictive covenants, we may incur additional indebtedness in the future.***

Despite our current level of indebtedness, we may be able to incur additional indebtedness, including additional secured or unsecured indebtedness. Although our senior credit facility and the indentures governing our notes contain restrictions on our ability to incur additional indebtedness, these restrictions are subject to important exceptions and qualifications. If we or our subsidiaries incur additional indebtedness which is permitted under these agreements, the risks that we and they now face as a result of our leverage could intensify. If our financial condition or operating results deteriorate, our relations with our creditors, including the holders of our notes, the lenders under our senior credit facility and our suppliers, may be materially and adversely affected.

***To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control, and any failure to meet our debt service obligations could harm our business, financial condition and results of operations.***

Our ability to make payments on and to refinance our indebtedness, including our senior credit facility and notes, and to fund working capital needs and planned capital expenditures will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, business, legislative, regulatory and other factors that are beyond our control.

If our business does not generate sufficient cash flow from operations or if future borrowings are not available to us in an amount sufficient to enable us to pay our indebtedness, including our notes, or to fund our other liquidity needs, we may need to refinance all or a portion of our indebtedness, including our notes, on or before the maturity thereof, reduce or delay capital investments or seek to raise additional capital, any of which could have a material adverse effect on our operations. In addition, we may not be able to effect any of these actions, if necessary, on commercially reasonable terms or at all. Our ability to restructure or refinance our indebtedness, including our notes, will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments, including the indentures governing our notes offered hereby, may limit or prevent us from taking any of these actions. In addition, any failure to make scheduled payments of interest and principal on our outstanding indebtedness would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness on commercially reasonable terms or at all. Our inability to generate sufficient cash flow to satisfy our debt service obligations, or to refinance or restructure our obligations on commercially reasonable terms or at all, would have an adverse effect, which could be material, on our business, financial condition and results of operations, as well as on our ability to satisfy our obligations in respect of our notes.

***Restrictive covenants in our senior credit facility and the indentures governing our notes may limit our current and future operations, particularly our ability to respond to changes in our business or to pursue our business strategies.***

Our senior credit facility and the indentures governing our notes contain, and any future indebtedness of ours may contain, a number of restrictive covenants that impose significant operating and financial restrictions, including restrictions on our ability to take actions that we believe may be in our interest. Our senior credit facility and the indentures governing our notes, among other things, limit our ability to:

- incur additional indebtedness or issue preferred stock;
- pay dividends or make other distributions or repurchase or redeem our stock or prepay or redeem certain indebtedness;
- sell assets and issue capital stock of restricted subsidiaries;
- incur liens;
- enter into agreements restricting our subsidiaries' ability to pay dividends;
- enter into transactions with affiliates;
- engage in new lines of business;
- consolidate, merge or sell our assets;
- make investments; and
- engage in certain intercompany matters.

Also, the senior credit facility requires us to maintain compliance with certain financial covenants at all times and a minimum liquidity covenant that is tested weekly. Our ability to comply with these ratios may be affected by events beyond our control, and we cannot assure you that we will meet these ratios.

The restrictions contained in our senior credit facility and in the indentures governing our notes could adversely affect our ability to:

- finance our operations;
- make needed capital expenditures;
- make strategic acquisitions or investments or enter into alliances;
- withstand a future downturn in our business or the economy in general;
- engage in business activities, including future opportunities, that may be in our interest; and
- plan for or react to market conditions or otherwise execute our business strategies.

A breach of any of the restrictive covenants could, or our inability to comply with the maintenance financial covenants would, result in an event of default under our senior credit facility. In each of 2006, 2007 and 2010, we were required to enter into amendments to our senior credit facility to modify or waive compliance with financial covenants thereunder. If, when required, we are unable to repay or refinance our indebtedness under, or amend the covenants contained in, our senior credit facility, or if a default otherwise occurs that is not cured or waived, the lenders under the senior credit facility could elect to declare all borrowings outstanding, together with accrued interest and other fees, to be immediately due and payable or institute foreclosure proceedings against those assets that secure the borrowings under our senior credit facility. Should the outstanding obligations under our senior credit facility be accelerated and become due and payable because of our failure to comply with the applicable debt covenants in the future, we would be required to search for alternative measures to finance current and ongoing obligations of our business. There can be no assurance that such financing will be available on acceptable terms, if at all. Our ability to obtain future financing or to sell assets could be adversely affected because a very large majority of our assets have been secured as collateral under our senior credit facility. In addition, our financial results, our substantial indebtedness and our credit ratings could adversely affect the availability and terms of our financing. In addition, there are other situations (including certain changes in the ownership and voting interest in Radio One of our Chairperson and the CEO) where our debt may be accelerated and we may be unable to repay such debt. Any of these scenarios could adversely impact our liquidity and results of operations.



***Our ability to meet our obligations under our debt, in part, depends on the earnings and cash flows of our subsidiaries and the ability of our subsidiaries to pay dividends or advance or repay funds to us.***

We conduct a significant portion of our business operations through our subsidiaries and joint ventures. In servicing payments to be made on our indebtedness, we will rely, in part, on cash flows from these subsidiaries and joint ventures, mainly dividend payments. The ability of these subsidiaries and joint ventures to make dividend payments to our Company will be affected by, among other factors, the obligations of these entities to their creditors (including TV One's new creditors), requirements of corporate and other law, and restrictions contained in agreements entered into by or relating to these entities. For example, the joint venture agreement (and related agreements) that created and governs TV One contains certain limited conditions under which distributions may be made.

***We must refinance existing indebtedness prior to the maturity of our notes and our failure to do so could have a material adverse effect.***

Our senior credit facility is scheduled to mature on June 30, 2012. While we expect to refinance this indebtedness prior to or upon maturity, we may not be able to refinance this indebtedness, or refinancing may not be available on commercially reasonable terms. The financial terms or covenants of any new credit facility and/or other indebtedness may not be as favorable as those under our senior credit facility. Our ability to complete a refinancing of the loans under our senior credit facility prior to its respective maturity is subject to a number of conditions beyond our control. If we are unable to refinance the indebtedness under our senior credit facility, our alternatives would consist of negotiating an extension of our senior credit facility with the lenders and seeking or raising new capital. If we were unsuccessful, the lenders under our senior credit facility could demand repayment of the indebtedness owed to them on the relevant maturity date. As a result, our ability to pay the principal and interest on our notes would be adversely affected.

***Our corporate debt rating has suffered downgrades in the past and we could suffer further downgrades.***

On a continuing basis, credit rating agencies such as Moody's and S&P evaluate our debt. On November 24, 2010, S&P raised the Company's long-term corporate credit rating to "CCC+" from "SD" with a positive rating outlook. In addition, S&P raised our issue-level rating on our senior secured debt to "B" from "CCC+". S&P also rated the Company's new 12.5%/15% senior subordinated notes due 2016 "CCC-", rated the remaining portion of the Company's existing 6<sup>3</sup>/<sub>8</sub>% senior subordinated notes due 2013 "CCC-" and affirmed a "CCC-" issue-level rating on the remaining portion of the company's existing 8<sup>7</sup>/<sub>8</sub>% senior subordinated notes.

S&P's actions reflected our successful amendment of our senior secured credit facilities and an exchange offer for its subordinated debt. S&P noted, the transactions eliminated near-term refinancing risk of our senior secured debt, which was set to mature January 1, 2011, if we were unable to refinance its 8<sup>7</sup>/<sub>8</sub>% senior subordinated notes prior to that date. S&P further noted that following the amendment, we were able to cure the default on our 6<sup>3</sup>/<sub>8</sub>% senior subordinated notes by paying its missed August 15, 2010 interest payment.

On December 8, 2010, Moody's confirmed the Company's Caa1 Corporate Family Rating ("CFR"), assigned a B1 rating to the Company's credit facilities and assigned a Caa3 rating to the Company's new 12.5%/15% senior subordinated notes due 2016. These actions reflected our successful amendment of our senior secured credit facilities and an exchange offer for its subordinated debt on November 24, 2010.

On June 17, 2010, Moody's placed on review the Company and its debt for a possible upgrade. On August 18, 2010, Moody's placed us on review for a possible downgrade on our corporate family rating and probability of default rating. The review was driven by our announcement that the lenders under our Senior Credit Facility blocked our August 16, 2010 interest payment on the 2013 Notes. The lenders under our Senior Credit Facility had the ability to block the interest payment as we were in violation of the total leverage covenant under our Senior Credit Facility. On September 20, 2010, Moody's repositioned our probability of default rating to Caa2/LD from Caa2, following the expiration of the 30-day grace period under the 2013 Notes.

On July 20, 2010, S&P revised our CCC+ corporate credit rating outlook from positive to developing. Revision was due to uncertainty surrounding the timing and structure of a potential refinancing. On June 17, 2010 S&P revised our CCC+ corporate credit rating outlook from negative to positive. Revision was due to our announcement of potential refinancing transactions and the proposed increase of our ownership percentage in TV One. On August 24, 2010, S&P lowered our corporate credit rating from CCC+ to SD and lowered the issue-level rating on our 2013 Notes from CCC- to D.

On June 24, 2009, S&P lowered our corporate credit rating to CCC+ from B- and the issue-level rating on our \$800.0 million secured credit facility to CCC+ from B-. On March 3, 2009, S&P lowered our corporate credit rating to B- from B and the issue-level rating on our \$800.0 million secured credit facility to B- from BB-. While noting that our rating outlook was negative, the ratings downgrade reflects concern over the Company's ability to maintain compliance with financial covenants due to weak radio advertising demand. On May 12, 2009, Moody's downgraded our corporate family rating to Caa1 from B1. On November 3, 2008, Moody's placed on review the Company and its debt for a possible downgrade. The review was prompted by heightened concerns that the radio broadcast sector will likely face significant revenue and cash flow deterioration given weakness in the U.S. economy. Although reductions in our bond ratings may not have an immediate impact on our cost of debt or liquidity, they may impact our future cost of debt and liquidity. Increased debt levels and/or decreased earnings could result in further downgrades in our credit ratings, which, in turn, could impede our access to the debt markets and/or raise our long-term debt borrowing rates. Our ability to use debt to fund major new acquisitions or new business initiatives could also be limited.

## **Risks Related to Our Investment in TV One**

*TV One recently incurred substantial indebtedness in connection with the redemption of the membership interests of certain financial investor and management members. Effective upon completion of the redemptions of these members, we may be required to reflect TV One's indebtedness in our total consolidated indebtedness and certain restrictions in the indenture governing the TV One indebtedness could impact upon TV One's ability to make distributions to us.*

On February 25, 2011, TV One incurred \$119.0 million of indebtedness in connection with the redemption of certain of its financial investor and management members. The debt was issued in a private offering in the form of Senior Secured Notes bearing a coupon of 10% and due 2016 (the "TV One 10% Senior Secured Notes"). Until the issuance of the TV One 10% Senior Secured Notes, TV One operated without any long-term indebtedness. Effective upon completion of the buyout of the financial investor and management members, our ownership of TV One increased to approximately 44.6%. Upon consolidation, we may be required to reflect TV One's indebtedness in our total consolidated indebtedness. Further, the indenture governing the TV One 10% Senior Secured Notes contains certain covenants that could impact upon TV One's operations, including its ability to make distributions. While we do not foresee these restrictions prohibiting TV One from making distributions, to the extent the restrictions do prohibit TV One from making distributions, it could impact upon our overall liquidity and our ability to maintain compliance under the terms of our outstanding indebtedness, including our senior credit facility and our 2016 Notes.

*A decline in advertising expenditures could cause TV One's revenues and operating results to decline significantly in any given period.*

TV One derives substantial revenues from the sale of advertising. A decline in the economic prospects of advertisers or the economy in general could alter current or prospective advertisers' spending priorities. Disasters, acts of terrorism, political uncertainty or hostilities could lead to a reduction in advertising expenditures as a result of economic uncertainty. Advertising expenditures may also be affected by increasing competition for the leisure time of audiences. In addition, advertising expenditures by companies in certain sectors of the economy, including the automotive and financial segments, represent a significant portion of TV One's advertising revenues. Any political, economic, social or technological change resulting in a reduction in these sectors' advertising expenditures may adversely affect TV One's revenue. Advertisers' willingness to purchase advertising may also be affected by a decline in audience ratings for TV One's programming, the inability of TV One to retain the rights to popular programming, increasing audience fragmentation caused by the proliferation of new media formats, including other cable networks, the internet and video-on-demand and the deployment of portable digital devices and new technologies which allow consumers to time shift programming, make and store digital copies and skip or fast-forward through advertisements. Any reduction in advertising expenditures could have an adverse effect on TV One's revenues and results of operations.

*TV One's success is dependent upon audience acceptance of its content, which is difficult to predict.*

Television content production is inherently a risky business because the revenues derived from the production and distribution of a television program and the licensing of rights to the associated intellectual property, depend primarily upon their acceptance by the public, which is difficult to predict. The commercial success of a television program also depends upon the quality and acceptance of other competing programs in the marketplace at or near the same time, the availability of alternative forms of entertainment and leisure time activities, general economic conditions and other tangible and intangible factors, all of which are difficult to predict. Rating points are also factors that are weighed when determining the advertising rates that TV One receives. Poor ratings can lead to a reduction in pricing and advertising spending. Consequently, low public acceptance of TV One's content may have an adverse effect on TV One's results of operations.

*The loss of affiliation agreements could materially adversely affect TV One's results of operations.*

TV One is dependent upon the maintenance of affiliation agreements with cable and direct broadcast distributors for its revenues, and there can be no assurance that these agreements will be renewed in the future on terms acceptable to such distributors. The loss of one or more of these arrangements could reduce the distribution of TV One's programming services and reduce revenues from subscriber fees and advertising, as applicable. Further, the loss of favorable packaging, positioning, pricing or other marketing opportunities with any distributor could reduce revenues from subscriber fees. In addition, consolidation among cable distributors and increased vertical integration of such distributors into the cable or broadcast network business have provided more leverage to these distributors and could adversely affect TV One's ability to maintain or obtain distribution for its network programming on favorable or commercially reasonable terms, or at all.

*The failure or destruction of satellites and transmitter facilities that TV One depends upon to distribute its programming could materially adversely affect TV One's businesses and results of operations.*

TV One uses satellite systems to transmit its programming to affiliates. The distribution facilities include uplinks, communications satellites and downlinks. Transmissions may be disrupted as a result of local disasters including extreme weather that impair on-ground uplinks or downlinks, or as a result of an impairment of a satellite. Currently, there are a limited number of communications satellites available for the transmission of programming. If a disruption occurs, TV One may not be able to secure alternate distribution facilities in a timely manner. Failure to secure alternate distribution facilities in a timely manner could have a material adverse effect on TV One's businesses and results of operations. In addition, TV One uses studio and transmitter facilities that are subject to damage or destruction. Failure to restore such facilities in a timely manner could have a material adverse effect on TV One's businesses and results of operations.

***TV One's operating results are subject to seasonal variations and other factors.***

TV One's business has experienced and is expected to continue to experience seasonality due to, among other things, seasonal advertising patterns and seasonal influences on people's viewing habits. Typically, TV One revenue from advertising increases in the fourth quarter. In addition, advertising revenues in even-numbered years benefit from advertising placed by candidates for political offices. The effects of such seasonality make it difficult to estimate future operating results based on the previous results of any specific quarter and may adversely affect operating results.

***Economic conditions may adversely affect TV One's businesses and customers.***

The U.S. has experienced a slowdown and volatility in its economy. This downturn could lead to lower consumer and business spending for TV One's products and services, particularly if customers, including advertisers, subscribers, licensees, retailers, and other consumers of TV One's offerings and services, reduce demands for TV One's products and services. In addition, in unfavorable economic environments, TV One's customers may have difficulties obtaining capital at adequate or historical levels to finance their ongoing business and operations and may face insolvency, all of which could impair their ability to make timely payments and continue operations. TV One is unable to predict the duration and severity of weakened economic conditions and such conditions and resultant effects could adversely impact TV One's businesses, operating results, and financial condition.

***Increased programming and content costs may adversely affect TV One's profits.***

TV One produces and acquires programming (including motion pictures) and content and incurs costs for all types of creative talent, including actors, authors, writers and producers as well as marketing and distribution. An increase in any of these costs may lead to decreased profitability.

***Piracy of TV One's programming and other content, including digital and internet piracy, may decrease revenue received from the exploitation of TV One's programming and other content and adversely affect its businesses and profitability.***

Piracy of programming is prevalent in many parts of the world and is made easier by the availability of digital copies of content and technological advances allowing conversion of such programming and other content into digital formats, which facilitates the creation, transmission and sharing of high quality unauthorized copies of TV One's content. The proliferation of unauthorized copies and piracy of these products has an adverse effect on TV One's businesses and profitability because these products reduce the revenue that TV One potentially could receive from the legitimate sale and distribution of its products and services. In addition, if piracy were to increase, it would have an adverse effect on TV One's businesses and profitability.

***Changes in U.S. communications laws or other regulations may have an adverse effect on TV One's business.***

The television and distribution industries in the U.S. are highly regulated by U.S. federal laws and regulations issued and administered by various federal agencies, including the FCC. The television broadcasting industry is subject to extensive regulation by the FCC under the Communications Act. The U.S. Congress and the FCC currently have under consideration, and may in the future adopt, new laws, regulations, and policies regarding a wide variety of matters that could, directly or indirectly, affect the operation of TV One. For example, the FCC has initiated a proceeding to examine and potentially regulate more closely embedded advertising such as product placement and product integration. Enhanced restrictions affecting these means of delivering advertising messages may adversely affect TV One's advertising revenues. Changes to the media ownership and other FCC rules may affect the competitive landscape in ways that could increase the competition faced by TV One. Proposals have also been advanced from time to time before the U.S. Congress and the FCC to extend the program access rules (currently applicable only to those cable program services which also own or are owned by cable distribution systems) to all cable program services. TV One's ability to obtain the most favorable terms available for its content could be adversely affected should such an extension be enacted into law. TV One is unable to predict the effect that any such laws, regulations or policies may have on its operations.

***Vigorous enforcement or enhancement of FCC indecency and other program content rules against the broadcast and cable industries could have an adverse effect on TV One's businesses and results of operations.***

The FCC's rules prohibit the broadcast of obscene material at any time and indecent or profane material on television broadcast stations between the hours of 6 a.m. and 10 p.m. Broadcasters risk violating the prohibition against broadcasting indecent material because of the vagueness of the FCC's indecency/profanity definition, coupled with the spontaneity of live programming. The FCC vigorously enforces its indecency rules against the broadcasting industry. The FCC has stepped up its enforcement activities as they apply to indecency and has threatened to initiate license revocation proceedings against broadcast licensees for "serious" indecency violations. The FCC has found on a number of occasions that the content of television broadcasts has contained indecent material. In such instances, the FCC issued fines or advisory warnings to the offending broadcast licensees. Moreover, the FCC has in some instances imposed separate fines against broadcasters for each allegedly indecent "utterance," in contrast with its previous policy, which generally considered all indecent words or phrases within a given program as constituting a single violation. On July 13, 2010, the United States Court of Appeals for the Second Circuit ("Second Circuit") issued a decision in which it vacated the FCC's indecency policy pursuant to which any broadcast of a single "utterance" of a "fleeting expletive" would be deemed by the FCC to be presumptively indecent. In this decision, the Second Circuit also called into question the constitutionality of the FCC's indecency policy generally. On August 25, 2010, the FCC filed a petition for rehearing of the decision with the Second Circuit. It is not possible to predict the outcome of the FCC's appeal. It is also not possible to predict whether and, if so, how the FCC will revise its indecency policy in response to the Second Circuit decision, or the effect of such decision on TV One. The fines for broadcasting indecent material are a maximum of \$325,000 per utterance. The determination of whether content is indecent is inherently subjective and, as such, it can be difficult to predict whether particular content could violate indecency standards. The difficulty in predicting whether individual programs, words or phrases may violate the FCC's indecency rules adds significant uncertainty to TV One's ability to comply with the rules. Violation of the indecency rules could lead to sanctions which may adversely affect TV One's business and results of operations. Some policymakers support the extension of the indecency rules that are applicable to over-the-air broadcasters to cover cable programming and/or attempts to increase enforcement of or otherwise expand existing laws and rules. If such an extension, attempt to increase enforcement or other expansion took place and was found to be constitutional, some of TV One's content could be subject to additional regulation and might not be able to attract the same subscription and viewership levels.

***Our President and Chief Executive Officer has an interest in TV One that may conflict with your interests.***

We have an employment agreement with our President and Chief Executive Officer, Mr. Alfred C. Liggins, III. The employment agreement provides, among other things, that in recognition of Mr. Liggins' contributions in founding TV One on our behalf, he is eligible to receive an amount equal to 8% of any dividends paid to us in respect of our investment in TV One and 8% of the proceeds from our investment in TV One (the "TV One Award"). In both circumstances, our obligation to pay any portion of the TV One Award is only triggered after we recover the full amount of our cumulative capital contributions to TV One. Mr. Liggins will only receive the TV One Award upon the actual cash distributions or distributions of marketable securities to us. Mr. Liggins' rights to the TV One Award (i) cease if he is terminated for cause or he resigns without good reason and (ii) expire at the end of the term of his employment agreement (but similar rights could be included in the terms of a new employment agreement). As a result of this arrangement, the interest of Mr. Liggins' with respect to TV One may conflict with your interests as holders of our debt or equity securities. For example, Mr. Liggins may seek to have Radio One acquire additional equity interests in TV One using cash generated from operations or additional borrowings under the senior credit facility or have TV One itself pursue acquisitions, joint ventures, financings or other transactions that, in his judgment, could increase the amount of the TV One Award by increasing the amount of our investment in TV One or enhancing the equity value of TV One, even though such transactions might involve risks to holders of our equity or debt securities.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

On March 3, 2011, we received a letter from the SEC in connection with our Registration Statement on Form S-4 filed February 9, 2011 (the "February 2011 S-4"). The letter requested that we update our filing to include the audited December 31, 2010 financial statements included in this annual report on Form 10-K. In response to the comments, we anticipate filing an amendment to the February 2011 S-4 within ten days of the filing date of this report.

**ITEM 2. PROPERTIES**

The types of properties required to support each of our radio stations include offices, studios and transmitter/antenna sites. Our other media properties, such as Interactive One and CCI, generally only require office space. We typically lease our studio and office space with lease terms ranging from five to 10 years in length. A station's studios are generally housed with its offices in business districts. We generally consider our facilities to be suitable and of adequate size for our current and intended purposes. We lease a majority of our main transmitter/antenna sites and associated broadcast towers and, when negotiating a lease for such sites, we try to obtain a lengthy lease term with options to renew. In general, we do not anticipate difficulties in renewing facility or transmitter/antenna site leases, or in leasing additional space or sites, if required.

We own substantially all of our equipment, consisting principally of transmitting antennae, transmitters, studio equipment and general office equipment. The towers, antennae and other transmission equipment used by our stations are generally in good condition, although opportunities to upgrade facilities are periodically reviewed. The tangible personal property owned by us and the real property owned or leased by us are subject to security interests under our senior credit facility.

### **ITEM 3. LEGAL PROCEEDINGS**

#### **Legal Proceedings**

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

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

In July 2003, a Special Litigation Committee of Radio One’s board of directors approved in principle a tentative settlement with the plaintiffs. The proposed settlement would have provided for the dismissal with prejudice of all claims against the participating Issuers and their officers and directors in the IPO Cases and the assignment to plaintiffs of certain potential claims that the Issuers may have against their underwriters. In September 2003, in connection with the proposed settlement, Radio One’s named officers and directors extended the tolling agreement so that it would not expire prior to any settlement being finalized. In June 2004, Radio One executed a final settlement agreement with the plaintiffs. In 2005, the court issued a decision certifying a class action for settlement purposes and granting preliminary approval of the settlement. On February 24, 2006, the court dismissed litigation filed against certain underwriters in connection with the claims to be assigned to the plaintiffs under the settlement. On April 24, 2006, the court held a Final Fairness Hearing to determine whether to grant final approval of the settlement. On December 5, 2006, the Second Circuit Court of Appeals vacated the district court’s earlier decision certifying as class actions the six IPO Cases designated as “focus cases.” Thereafter, the district court ordered a stay of all proceedings in all of the IPO Cases pending the outcome of plaintiffs’ petition to the Second Circuit for rehearing en banc and resolution of the class certification issue. On April 6, 2007, the Second Circuit denied plaintiffs’ rehearing petition, but clarified that the plaintiffs may seek to certify a more limited class in the district court. Accordingly, the settlement was terminated pursuant to stipulation of the parties and did not receive final approval.

Plaintiffs filed amended complaints in the six “focus cases” on or about August 14, 2007. Radio One is not a defendant in the focus cases. In September 2007, Radio One’s named officers and directors again extended the tolling agreement with plaintiffs. On or about September 27, 2007, plaintiffs moved to certify the classes alleged in the “focus cases” and to appoint class representatives and class counsel in those cases. The focus cases issuers filed motions to dismiss the claims against them in November 2007 and an opposition to plaintiffs’ motion for the class certification in December 2007. On March 16, 2008, the district court denied the motions to dismiss in the focus cases. In August 2008, the parties to the IPO Cases began mediation toward a global settlement of the IPO Cases. In September 2008, Radio One’s board of directors approved in principle participation in a tentative settlement with the plaintiffs. On October 2, 2008, the plaintiffs withdrew their class certification motion. In April 2009, a global settlement was reached in the IPO Cases and submitted to the district court for approval. On June 9, 2009, the court granted preliminary approval of the proposed settlement and ordered that notice of the settlement be published and mailed to class members. On September 10, 2009, the court held a Final Fairness Hearing. On October 6, 2009, the court certified the settlement class in each IPO Case and granted final approval of the settlement. On or about October 23, 2009, three shareholders filed a Petition for Permission To Appeal Class Certification Order, challenging the court’s certification of the settlement classes. Beginning on October 29, 2009, a number of shareholders also filed direct appeals, objecting to final approval of the settlement. If the settlement is affirmed on appeal, the settlement will result in the dismissal of all claims against Radio One and its officers and directors with prejudice, and our pro rata share of the settlement fund will be fully funded by insurance.

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

### **ITEM 4. REMOVED AND RESERVED**

**PART II**

**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

**Price Range of Our Class A and Class D Common Stock**

Our Class A voting common stock is traded on The NASDAQ Stock Market ("NASDAQ") under the symbol "ROIA." The following table presents, for the quarters indicated, the high and low sales prices per share of our Class A Common Stock as reported on the NASDAQ.

	<u>High</u>	<u>Low</u>
<b>2010</b>		
First Quarter	\$ 4.10	\$ 3.17
Second Quarter	\$ 5.37	\$ 1.34
Third Quarter	\$ 1.50	\$ 0.70
Fourth Quarter	\$ 1.28	\$ 0.96
<b>2009</b>		
First Quarter	\$ 0.73	\$ 0.32
Second Quarter	\$ 1.11	\$ 0.56
Third Quarter	\$ 1.10	\$ 0.50
Fourth Quarter	\$ 3.80	\$ 1.10

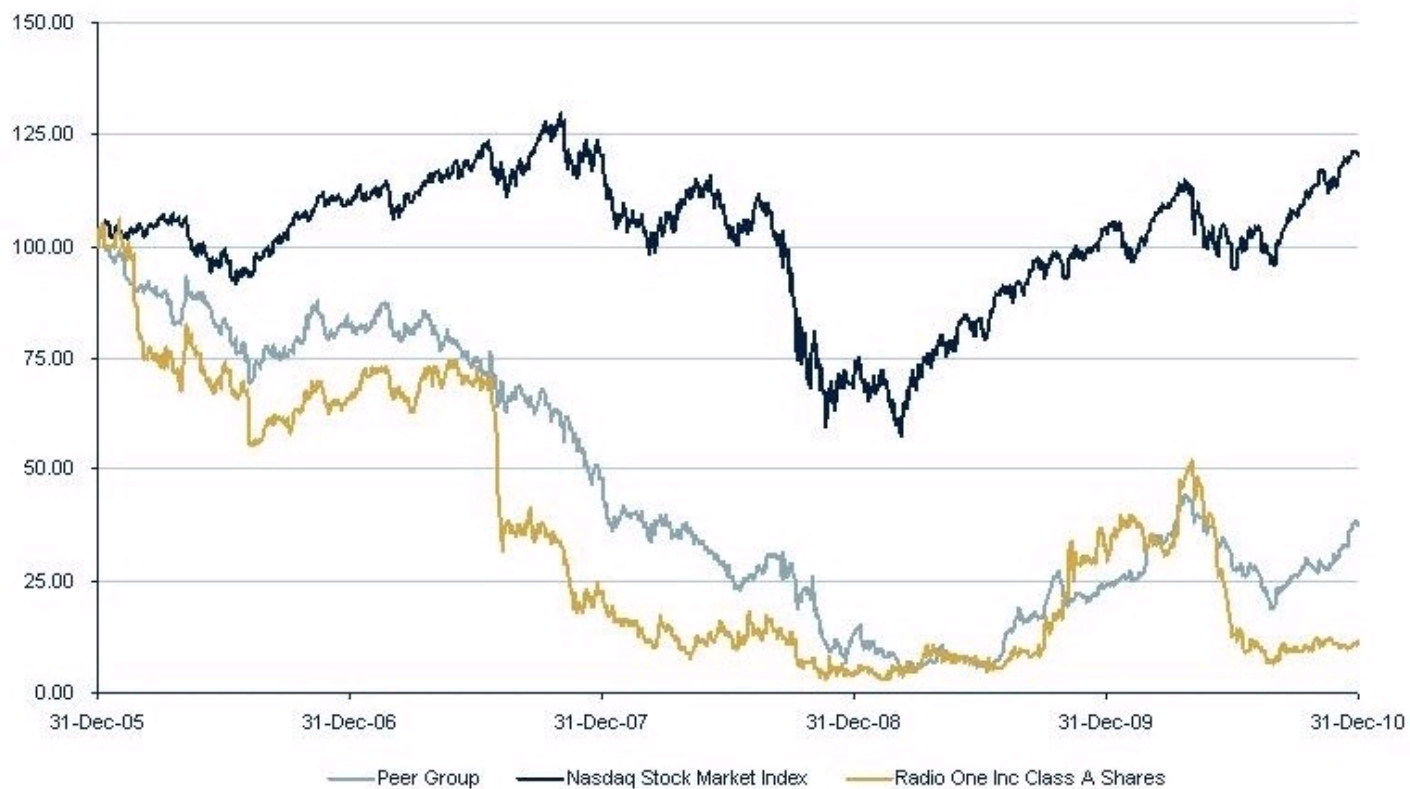
Our Class D non-voting common stock is traded on the NASDAQ under the symbol "ROIAK." The following table presents, for the quarters indicated, the high and low sales prices per share of our Class D Common Stock as reported on the NASDAQ.

	<u>High</u>	<u>Low</u>
<b>2010</b>		
First Quarter	\$ 3.75	\$ 2.90
Second Quarter	\$ 5.37	\$ 1.28
Third Quarter	\$ 1.44	\$ 0.57
Fourth Quarter	\$ 1.25	\$ 0.86
<b>2009</b>		
First Quarter	\$ 0.48	\$ 0.19
Second Quarter	\$ 0.52	\$ 0.22
Third Quarter	\$ 0.98	\$ 0.26
Fourth Quarter	\$ 3.33	\$ 1.08

## STOCKHOLDER RETURN PERFORMANCE GRAPHS

*Stockholder performance graph (Class A shares)*

*Performance since December 31, 2005*



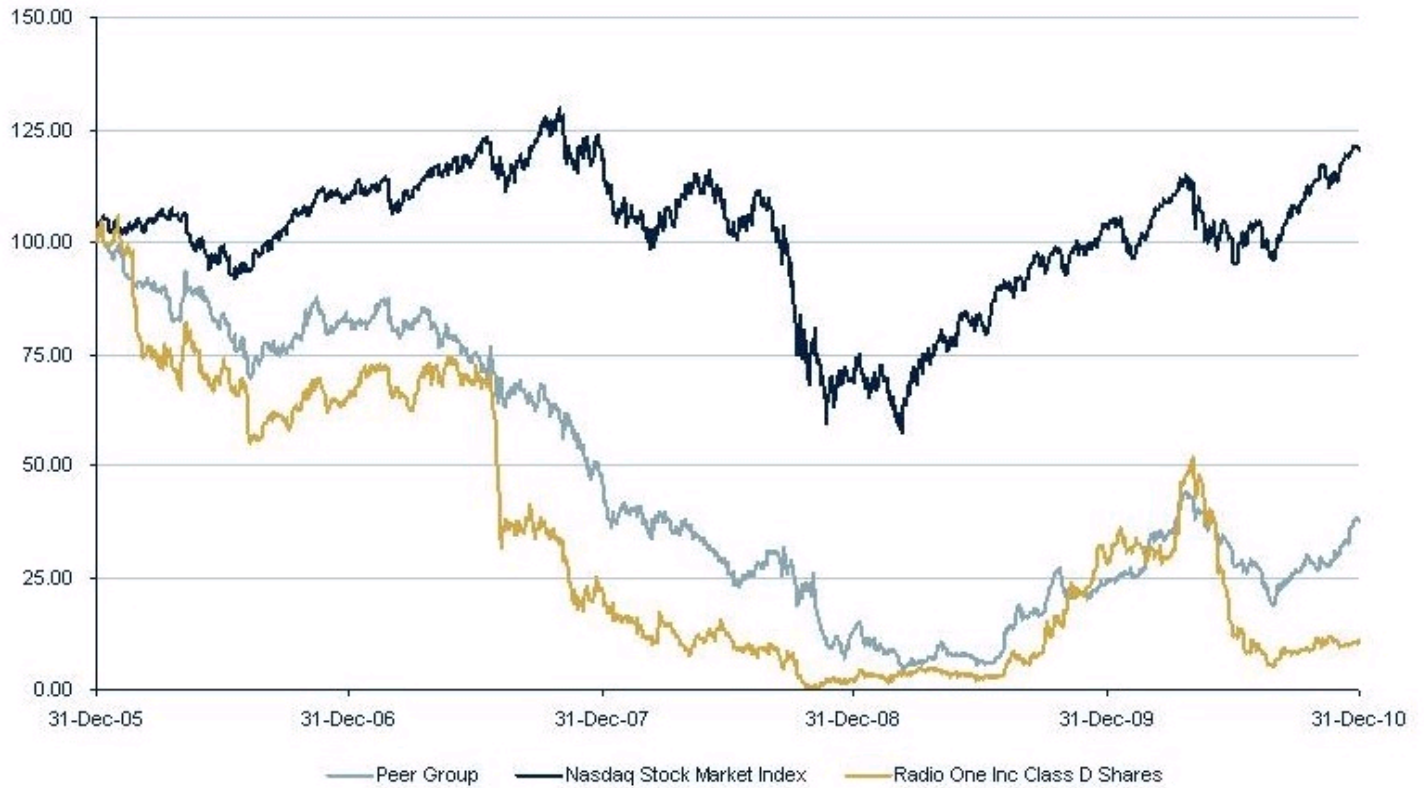
*Source: Capital IQ, Factiva*

*Note 1 - Peer group includes Emmis Communications Corp., Entercom Communications Corp., Saga Communications, Inc., Cumulus Media Inc. and Salem Communications Corp.*

**STOCKHOLDER RETURN PERFORMANCE GRAPHS**

*Stockholder performance graph (Class D shares)*

*Performance since December 31, 2005*



*Source: Capital IQ, Factiva*

*Note 1 - Peer group includes Emmis Communications Corp., Entercom Communications Corp., Saga Communications, Inc., Cumulus Media Inc. and Salem Communications Corp.*



## Dividends

Since first selling our common stock publicly in May 1999, we have not declared any cash dividends on any class of our common stock. We intend to retain future earnings for use in our business and do not anticipate declaring or paying any cash or stock dividends on shares of our common stock in the foreseeable future. In addition, any determination to declare and pay dividends will be made by our board of directors in light of our earnings, financial position, capital requirements, contractual restrictions contained in our credit facility and the indentures governing our senior subordinated notes, and other factors as the board of directors deems relevant. (See “Management’s Discussion and Analysis — Liquidity and Capital Resources” and Note 9 of our consolidated financial statements — *Long-Term Debt*.)

## Number of Stockholders

Based upon a survey of record holders and a review of our stock transfer records, as of February 25, 2011, there were approximately 2,069 holders of Radio One’s Class A Common Stock, two holders of Radio One’s Class B Common Stock, three holders of Radio One’s Class C Common Stock, and approximately 2,895 holders of Radio One’s Class D Common Stock.

## 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 should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements of Radio One included elsewhere in this report.

	For the Years Ended December 31,				
	2010	2009	2008	2007	2006
	(In thousands, except share data)				
<b>Statements of Operations(1):</b>					
Net revenue	\$ 279,906	\$ 272,092	\$ 313,443	\$ 316,398	\$ 321,625
Programming and technical expenses including stock-based compensation	75,044	75,635	79,304	70,463	68,818
Selling, general and administrative expenses including stock-based compensation	103,324	91,016	103,108	100,620	98,016
Corporate selling, general and administrative expenses including stock-based compensation	32,922	24,732	36,356	28,396	28,239
Depreciation and amortization	17,439	21,011	19,022	14,680	13,890
Impairment of long-lived assets	36,063	65,937	423,220	211,051	—
Operating income (loss)	15,114	(6,239)	(347,567)	(108,812)	112,662
Interest expense(2)	46,834	38,404	59,689	72,770	72,932
Gain on retirement of debt	6,646	1,221	74,017	—	—
Equity in income (loss) of affiliated company	5,558	3,653	(3,652)	(15,836)	(2,341)
Other (expense) income, net	(2,934)	40	175	952	1,110
(Loss) income before provision for (benefit from) income taxes, noncontrolling interests in income of subsidiaries and discontinued operations	(22,450)	(39,729)	(336,716)	(196,466)	38,499
Provision for (benefit from) income taxes	3,971	7,014	(45,183)	54,083	18,260
(Loss) income from continuing operations	(26,421)	(46,743)	(291,533)	(250,549)	20,239
Loss from discontinued operations, net of tax	(204)	(1,815)	(7,414)	(137,041)	(23,965)
Net loss	(26,625)	(48,558)	(298,947)	(387,590)	(3,726)
Noncontrolling interests in income of subsidiaries	2,008	4,329	3,997	3,910	3,004
Net loss applicable to common stockholders	\$ (28,633)	\$ (52,887)	\$ (302,944)	\$ (391,500)	\$ (6,730)
Net (loss) income per common share — basic and diluted:					
(Loss) income from continuing operations	\$ (0.55)*	\$ (0.86)	\$ (3.14)	\$ (2.58)	\$ 0.17
Loss from discontinued operations, net of tax	(0.00)*	(0.03)	(0.08)	(1.39)	(0.24)
Net loss applicable to common stockholders per share	\$ (0.56)*	\$ (0.89)	\$ (3.22)	\$ (3.97)	\$ (.07)
<b>Balance Sheet Data:</b>					
Cash and cash equivalents	\$ 9,192	\$ 19,963	\$ 22,289	\$ 24,247	\$ 32,406
Intangible assets, net	840,147	871,221	944,858	1,310,168	1,521,950
Total assets	999,212	1,035,542	1,125,477	1,648,354	2,195,210
Total debt (including current portion)	642,222	653,534	675,362	815,504	937,527
Total liabilities	774,242	787,489	810,002	1,015,747	1,176,963
Total stockholders’ equity	194,335	195,828	272,052	573,870	963,887

\* Earnings per share amounts may not add due to rounding.

- (1) Year-to-year comparisons are significantly affected by Radio One's acquisitions and dispositions during the periods covered.
- (2) Interest expense includes non-cash interest, such as the accretion of principal, local marketing agreement ("LMA") fees, the amortization of discounts on debt and the amortization of deferred financing costs.

*The following table contains selected historical consolidated financial data derived from the audited financial statements of Radio One for each of the years in the five-year period ended December 31:*

	<b>For the Years Ended December 31,</b>				
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	(In thousands)				
<b>Statement of Cash Flows:</b>					
Cash flows from (used in):					
Operating activities	\$ 17,836	\$ 45,443	\$ 13,832	\$ 44,014	\$ 77,460
Investing activities	(4,664)	(4,871)	66,031	78,468	(46,227)
Financing activities	(23,943)	(42,898)	(81,821)	(130,641)	(17,908)
<b>Other Data:</b>					
Cash interest expense(1)	\$ 48,805	\$ 36,568	\$ 68,611	\$ 70,798	\$ 70,876
Capital expenditures	4,322	4,528	12,541	10,203	13,601

- (1) Cash interest expense is calculated as interest expense less non-cash interest, including the accretion of principal, LMA fees, the amortization of discounts on debt and the amortization of deferred financing costs for the indicated period.

## 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 Notes thereto included elsewhere in this report.*

### Overview

For the year ended December 31, 2010, the continued poor economic climate and its impact on the advertising industry resulted in minimal growth in our net revenues, with an increase of 2.9% compared to the year ended December 31, 2009. Given the recent and gradual recovery seen in both the economic and advertising environments, we project our 2011 business results will continue to improve and compare more favorably to that of 2010. Our strategy for 2011 will be to continue to: (i) grow market share; (ii) improve audience share in certain markets and improve revenue conversion of strong and stable audience share in certain other markets, and; (iii) grow and diversify our revenue by successfully executing our online strategy, including leveraging our 2008 acquisition of Community Connect Inc. ("CCI"), our radio websites and our other internet properties.

The weakened economy, competition from digital audio players, the internet, cable television and satellite radio, among other new media outlets, are some of the reasons the radio industry has seen such slow or negative growth over the past few years. In addition to overall cutbacks, advertisers have shifted their advertising budgets away from traditional media such as newspapers, broadcast television and radio to these new media outlets. Internet companies have evolved from being large sources of advertising revenue for radio companies in the late-1990s to being significant competitors for radio advertising dollars. While these dynamics present significant challenges for companies that are highly dependent on the radio industry, through our online properties, which includes our radio websites, CCI and other online verticals, we are well poised to provide advertisers and creators of content with a multifaceted way to reach African-American consumers.

### Results of Operations

#### Revenue

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

For the year ended December 31, 2010, approximately 83.5% of our net revenue was generated from the sale of advertising in our core radio business. Within this core radio business, approximately 57.0% of our net revenue was generated from local advertising and approximately 36.5% was generated from national advertising, including network advertising. In comparison, for the year ended December 31, 2009, approximately 82.0% of our net revenue was generated from the sale of advertising in our core radio business and within this core radio business, approximately 56.2% of our net revenue was generated from local advertising and approximately 37.3% was generated from national advertising, including network advertising. During the year ended December 31, 2008, approximately 84.0% of our net revenue was generated from the sale of advertising in our core radio business and, within this core radio business, approximately 56.6% of our net revenue was generated from local advertising and approximately 37.1% was generated from national advertising, including network advertising. National advertising also includes advertising revenue generated from our internet segments. The balance of revenue was generated from tower rental income, ticket sales and revenue related to our sponsored events, management fees, magazine subscriptions, newsstand revenue and other revenue.

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

Community Connect, LLC ("CCI"), which is included with the operations of Interactive One, currently generates the majority of the Company's internet revenue and derives its revenue principally from advertising services, including diversity recruiting advertising. Advertising services include the sale of banner and sponsorship advertisements. Advertising revenue is recognized either as impressions (the number of times advertisements appear in viewed pages) are delivered, when "click through" purchases or leads are reported, or ratably over the contract period, where applicable. Interactive One has a diversity recruiting relationship with Monster, Inc. ("Monster"). Monster posts job listings and advertising on Interactive One websites and Interactive One earns revenue for displaying the images on its websites.

In December 2006, the Company acquired certain net assets ("Giant Magazine") of Giant Magazine, LLC. Giant Magazine ceased publication in December 2009 and the results of its operations have been reclassified to discontinued operations.

In February 2005, we acquired 51% of the common stock of Reach Media, Inc. (“Reach Media”). A substantial portion of Reach Media’s revenue had been generated from a sales representation agreement with Citadel Broadcasting Company (“Citadel”). Pursuant to a multi-year agreement, payments were received monthly in exchange for the sale of advertising time on the nationally syndicated Tom Joyner Morning Show, which as of December 31, 2010 aired on 106 affiliated stations. The annual amount of revenue was based on a contractual amount determined based on number of affiliates, demographic audience and ratings. The agreement provided for a potential to earn additional amounts if certain revenue goals were met. The agreement also provided for sales representation rights related to Reach Media’s events. Additional revenue was generated by Reach Media from this and other customers through special events, sponsorships, its internet business and other related activities. The agreement expired December 31, 2009; however, during the quarter ended September 30, 2009, Reach Media and Citadel reached an agreement whereby the revenue guarantee obligations to Reach Media for each of the months of November and December 2009 were reduced by \$1.0 million in exchange for prepayment of the reduced revenue guarantee obligation for those months. Payment of the reduced revenue guarantee obligation was received by Reach Media. A new agreement was executed in November 2009 (the “Sales Representation Agreement”) to replace the old agreement which expired on December 31, 2009, whereby, effective January 1, 2010, Citadel will sell advertising inventory outside the Tom Joyner Morning Show. As an inducement for Reach Media to enter into the new Sales Representation Agreement, Citadel returned its noncontrolling ownership interest in Reach Media back to Reach Media. This ownership interest was part of the original agreement signed in 2003. As a result of classifying these shares as treasury stock, this transaction effectively increased Radio One’s common stock interest in Reach Media to 53.5%. In exchange for the return of the ownership interest, Reach Media issued a \$1.0 million promissory note payable to Radio Networks, a subsidiary of Citadel, due in December 2011.

## Expenses

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

We generally incur marketing and promotional expenses to increase our radio audiences. However, because Arbitron reports ratings either monthly or quarterly, depending on the particular market, any changed ratings and the effect on advertising revenue tends to lag behind both the reporting of the ratings and the incurrence of advertising and promotional expenditures.

In addition to salaries and commissions, major expenses for our internet business include membership traffic acquisition costs, software product design, post application software development and maintenance, database and server support costs, the help desk function, data center expenses connected with internet service provider (“ISP”) hosting services and other internet content delivery expenses.

## Measurement of Performance

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

(a) *Net revenue*: The performance of an individual radio station or group of radio stations in a particular market is customarily measured by its ability to generate net revenue. Net revenue consists of gross revenue, net of local and national agency and outside sales representative commissions consistent with industry practice. Net revenue is recognized in the period in which advertisements are broadcast. Net revenue also includes advertising aired in exchange for goods and services, which is recorded at fair value, revenue from sponsored events and other revenue. Net revenue is recognized for our online business as impressions are delivered, as “click throughs” are reported or ratably over contract periods, where applicable.

(b) *Station operating income*: Net (loss) income before depreciation and amortization, income taxes, interest income, interest expense, equity in loss of affiliated company, minority interests in income of subsidiaries, gain on retirement of debt, other expense, corporate expenses, stock-based compensation expenses, impairment of long-lived assets and gain or loss from discontinued operations, net of tax, is commonly referred to in our industry as station operating income. Station operating income is not a measure of financial performance under U.S. generally accepted accounting principles (“GAAP”). Nevertheless, we believe station operating income is often a useful measure of a broadcasting company’s operating performance and is a significant basis used by our management to measure the operating performance of our stations within the various markets. Station operating income provides helpful information about our results of operations, apart from expenses associated with our physical plant, income taxes, investments, impairment charges, debt financings and retirements, corporate overhead, stock-based compensation and discontinued operations. Station operating income is frequently used as a basis for comparing businesses in our industry, although our measure of station operating income may not be comparable to similarly titled measures of other companies. Station operating income does not represent operating loss or cash flow from operating activities, as those terms are defined under generally accepted accounting principles, and should not be considered as an alternative to those measurements as an indicator of our performance.

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

## Summary of Performance

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

	<b>For the Years Ended December 31,</b>		
	<b>2010</b>	<b>2009</b>	<b>2008</b>
	(In thousands, except margin data)		
Net revenue	\$ 279,906	\$ 272,092	\$ 313,443
Station operating income	102,532	105,850	131,731
Station operating income margin	36.6%	38.9%	42.0%
Net loss applicable to common stockholders	(28,633)	(52,887)	(302,944)

The reconciliation of net loss to station operating income is as follows:

	<b>For the Years Ended December 31,</b>		
	<b>2010</b>	<b>2009</b>	<b>2008</b>
	(In thousands)		
Net loss applicable to common stockholders, as reported	\$ (28,633)	\$ (52,887)	\$ (302,944)
Add back non-station operating income items included in net loss:			
Interest income	(127)	(144)	(491)
Interest expense	46,834	38,404	59,689
Provision for (benefit from) income taxes	3,971	7,014	(45,183)
Corporate selling, general and administrative, excluding stock-based compensation	28,117	23,492	35,279
Stock-based compensation	5,799	1,649	1,777
Equity in (income) loss of affiliated company	(5,558)	(3,653)	3,652
Gain on retirement of debt	(6,646)	( 1,221)	(74,017)
Other expense, net	3,061	104	316
Depreciation and amortization	17,439	21,011	19,022
Noncontrolling interests in income of subsidiaries	2,008	4,329	3,997
Impairment of long-lived assets	36,063	65,937	423,220
Loss from discontinued operations, net of tax	204	1,815	7,414
Station operating income	<u>\$ 102,532</u>	<u>\$ 105,850</u>	<u>\$ 131,731</u>

**RADIO ONE, INC. AND SUBSIDIARIES**

**RESULTS OF OPERATIONS**

The following table summarizes our historical consolidated results of operations:

*Year Ended December 31, 2010 Compared to Year Ended December 31, 2009 (In thousands)*

	<b>For the Years Ended</b>		<b>Increase/(Decrease)</b>	
	<b>December 31,</b>			
	<b>2010</b>	<b>2009</b>		
<b>Statements of Operations:</b>				
Net revenue	\$ 279,906	\$ 272,092	\$ 7,814	2.9%
Operating expenses:				
Programming and technical, excluding stock-based compensation	75,044	75,547	(503)	(0.7)
Selling, general and administrative, excluding stock-based compensation	102,330	90,695	11,635	12.8
Corporate selling, general and administrative, excluding stock-based compensation	28,117	23,492	4,625	19.7
Stock-based compensation	5,799	1,649	4,150	251.7
Depreciation and amortization	17,439	21,011	(3,572)	(17.0)
Impairment of long-lived assets	36,063	65,937	(29,874)	(45.3)
Total operating expenses	<u>264,792</u>	<u>278,331</u>	<u>(13,539)</u>	<u>(4.9)</u>
Operating income (loss)	15,114	(6,239)	21,353	342.3
Interest income	127	144	(17)	(11.8)
Interest expense	46,834	38,404	8,430	22.0
Gain on retirement of debt	6,646	1,221	5,425	444.3
Equity in income of affiliated company	5,558	3,653	1,905	52.1
Other expense, net	<u>3,061</u>	<u>104</u>	<u>2,957</u>	<u>2,843.3</u>
Loss before provision for income taxes, noncontrolling interests in income of subsidiaries and loss from discontinued operations, net of tax	(22,450)	(39,729)	17,279	43.5
Provision for income taxes	<u>3,971</u>	<u>7,014</u>	<u>(3,043)</u>	<u>(43.4)</u>
Net loss from continuing operations	(26,421)	(46,743)	20,322	43.5
Loss from discontinued operations, net of tax	<u>(204)</u>	<u>(1,815)</u>	<u>1,611</u>	<u>88.8</u>
Net loss	(26,625)	(48,558)	21,933	45.2
Noncontrolling interests in income of subsidiaries	2,008	4,329	(2,321)	(53.6)
Net loss attributable to common stockholders	<u>\$ (28,633)</u>	<u>\$ (52,887)</u>	<u>\$ 24,254</u>	<u>45.9%</u>

**Net revenue**

<b>Year Ended December 31,</b>		<b>Increase/(Decrease)</b>	
<b>2010</b>	<b>2009</b>		
\$279,906	\$272,092	\$7,814	2.9%

During the year ended December 31, 2010, we recognized approximately \$280.0 million in net revenue compared to approximately \$272.1 million during the same period in 2009. These amounts are net of agency and outside sales representative commissions, which were approximately \$32.0 million during the year ended December 31, 2010, compared to approximately \$28.4 million during the same period in 2009. Our internet business generated approximately \$16.0 million in net revenue for the year ended December 31, 2010, compared to approximately \$14.0 million during the same period in 2009, an increase of 14.3%. For our radio business, based on reports prepared by the independent accounting firm Miller, Kaplan, Arase & Co., LLP ("Miller Kaplan"), the markets we operate in increased 7.2% in total revenues for the year ended December 31, 2010, 15.5% in national revenues, 3.8% in local revenues and 27.6% in digital revenues. While the Company's total radio net revenue outperformed that of the markets in which we operate in Atlanta, Charlotte, Columbus, Dallas, Detroit, Houston, Indianapolis and St. Louis, we experienced net revenue declines in some of our markets, notably Baltimore, Cincinnati, Cleveland and Washington, DC. Reach Media net revenue declined 8.8% and was impacted by the December 31, 2009 expiration of a sales representation agreement with Citadel whereby a minimum level of revenue was guaranteed over the term of the agreement. Effective January 1, 2010, Reach Media's newly established sales organization began selling its inventory on the Tom Joyner Morning Show and under a new commission based sales representation agreement with Citadel, which sells certain inventory owned by Reach Media in connection with its 106 radio station affiliate agreements. Radio segment net revenue increased 2.3% for the year ended December 31, 2010 compared to the same period in 2009.

## Operating expenses

### Programming and technical, excluding stock-based compensation

Year Ended December 31,		Increase/(Decrease)	
2010	2009		
\$75,044	\$75,547	\$(503)	(0.7)%

Programming and technical expenses include expenses associated with on-air talent and the management and maintenance of the systems, tower facilities, and studios used in the creation, distribution and broadcast of programming content on our radio stations. Programming and technical expenses for radio also include expenses associated with our programming research activities and music royalties. For our internet business, programming and technical expenses include software product design, post-application software development and maintenance, database and server support costs, the help desk function, data center expenses connected with ISP hosting services and other internet content delivery expenses. Decreased programming and technical expenses were driven by savings in contracted on-air talent and music royalties, which more than offset increased payroll related, equipment maintenance and broadcast rights spending.

### Selling, general and administrative, excluding stock-based compensation

Year Ended December 31,		Increase/(Decrease)	
2010	2009		
\$102,330	\$90,695	\$11,635	12.8%

Selling, general and administrative expenses include expenses associated with our sales departments, offices and facilities and personnel (outside of our corporate headquarters), marketing and promotional expenses, special events and sponsorships and back office expenses. Expenses to secure ratings data for our radio stations and visitors' data for our websites are also included in selling, general and administrative expenses. In addition, selling, general and administrative expenses for radio and internet include expenses related to the advertising traffic (scheduling and insertion) functions. Selling, general and administrative expenses also include membership traffic acquisition costs for our online business. Our radio division drove most of the increased spending, with additional salaries for sales new hires, higher revenue variable expenses such as commissions, bonuses and national representation fees, additional research associated with PPM implementations and additional travel and entertainment. In addition, increased selling, general and administrative expenses resulted from the non-recurrence of vacation savings from forced office closings and changes to the Company's vacation plan in 2009.

### Stock-based compensation

Year Ended December 31,		Increase/(Decrease)	
2010	2009		
\$5,799	\$1,649	\$4,150	251.7%

Increased stock-based compensation expense is due to a long-term incentive plan whereby officers and certain key employees were granted a total of 3,250,000 shares of restricted stock in January of 2010. Stock-based compensation requires measurement of compensation costs for all stock-based awards at fair value on date of grant and recognition of compensation over the service period for awards expected to vest.

### Corporate selling, general and administrative, excluding stock-based compensation

Year Ended December 31,		Increase/(Decrease)	
2010	2009		
\$28,117	\$23,492	\$4,625	19.7%

Corporate expenses consist of expenses associated with our corporate headquarters and facilities, including personnel. The increase in corporate expenses during the year ended December 31, 2010 is due primarily to payroll related items. This resulted from increased salaries expense from recently lifted salary reductions and due to the recording of bonuses. In addition, higher spending also resulted from increased compensation expense for the Chief Executive Officer in connection with the TV One award element in his employment agreement. To a lesser extent, additional spending was also due to increased legal costs, insurance and medical costs, higher travel and entertainment and increased bad debt expense.

### Depreciation and amortization

Year Ended December 31,		Increase/(Decrease)	
2010	2009		
\$17,439	\$21,011	\$(3,572)	(17.0)%

The decrease in depreciation and amortization expense for the year ended December 31, 2010 was due primarily to the completion of amortization for certain intangibles and the completion of useful lives for certain fixed assets.

*Impairment of long-lived assets*

<u>Year Ended December 31,</u>		<u>Increase/(Decrease)</u>	
<u>2010</u>	<u>2009</u>		
\$36,063	\$65,937	\$(29,874)	(45.3)%

The decrease in impairment of long-lived assets for the year ended December 31, 2010 was related to non-cash impairment charges recorded to reduce the carrying value of radio broadcasting licenses and goodwill to their estimated fair values. The 2010 broadcast license impairment occurred in Philadelphia and the 2010 goodwill impairment occurred in Reach Media. The 2009 impairments were broadcast license impairments that occurred in 11 of our 16 markets, namely in Charlotte, Cincinnati, Cleveland, Columbus, Dallas, Houston, Indianapolis, Philadelphia, Raleigh-Durham, Richmond and St. Louis. The impairments were driven in part by the economic downturn, slower radio industry and market revenue growth and resulting deteriorating cash flows, declining radio station transaction multiples and a higher cost of capital. The decline in values for long-lived assets such as licenses and other intangibles was not unique nor specific to our individual markets, as this trend has impacted the valuations of the radio industry as a whole, and has impacted other broadcast and traditional media companies as well.

*Interest expense*

<u>Year Ended December 31,</u>		<u>Increase/(Decrease)</u>	
<u>2010</u>	<u>2009</u>		
\$46,834	\$38,404	\$8,430	22.0%

The increase in interest expense for the year ended December 31, 2010 was due primarily to higher interest rates that took effect as a result of entering into a third amendment to our Credit Agreement in March 2010 as well as continuing defaults under our credit agreement that occurred or were existing as of each of June 30, 2010, July 1, 2010 and September 30, 2010. The third amendment waived a non-monetary technical default to the Credit Agreement associated with not designating certain subsidiaries as guarantors under our indentures governing our senior subordinated notes and lowered the revolver commitment under the Company's bank facilities from \$500.0 million to \$400.0 million. In addition, as a result of our entry into our Amended and Restated Credit Agreement and Amended Exchange Offer on November 24, 2010, higher interest rates were in effect for the last month of the year.

*Gain on retirement of debt, net*

<u>Year Ended December 31,</u>		<u>Increase/(Decrease)</u>	
<u>2010</u>	<u>2009</u>		
\$6,646	\$1,221	\$5,425	444.3%

The net gain on retirement of debt for the year ended December 31, 2010 was due to the \$9.9 million gain on redemption of the Company's outstanding 6<sup>3</sup>/<sub>8</sub>% Senior Subordinated Notes due 2013 at a discount. This amount was offset by a write-off of approximately \$3.3 million of debt costs associated with the 2011 and 2013 Notes. The gain on retirement of debt for the year ended December 31, 2009 was due to the redemption of the Company's outstanding 8<sup>7</sup>/<sub>8</sub>% Senior Subordinated Notes due July 2011 at a discount. The gain for the year ended December 31, 2009 resulted from the early redemption of approximately \$2.4 million of the 8<sup>7</sup>/<sub>8</sub>% Senior Subordinated Notes at an average discount of 50.0%. As of December 31, 2010, a principal amount of approximately \$747,000 remained outstanding on the 6<sup>3</sup>/<sub>8</sub>% Senior Subordinated Notes.

*Equity in income of affiliated company*

<u>Year Ended December 31,</u>		<u>Increase/(Decrease)</u>	
<u>2010</u>	<u>2009</u>		
\$5,558	\$3,653	\$1,905	52.1%

Equity in income of affiliated company primarily reflects our estimated equity in the net income of TV One. The increase to equity in income of affiliated company for the year ended December 31, 2010 was due primarily to additional net income generated by TV One during 2010 versus 2009. The Company's share of the net income is driven by TV One's current capital structure and the Company's percentage ownership of the equity securities of TV One.



*Other expense, net*

<u>Year Ended December 31,</u>		<u>Increase/(Decrease)</u>	
<u>2010</u>	<u>2009</u>		
\$3,061	\$104	\$2,957	2,843.3%

The other expense for the year ended December 31, 2010 was principally due to the write off of pro-rata portions of debt financing and modification costs. There were costs associated with the lowering of the revolver commitment under the Company's bank facilities from \$500.0 million to \$400.0 million. The \$100.0 million reduction to the revolver commitment resulted from entering into a third amendment to our Credit Agreement in March 2010. The third amendment also waived a non-monetary technical default to the Credit Agreement associated with not designating certain subsidiaries as guarantors under our indentures governing our senior subordinated notes. In addition, there were costs written off in connection with the Company's uncompleted offering of Second-Priority Senior Secured Grid Notes ("Second Lien Notes"). The majority of the net proceeds from the Second Lien Notes were expected to fund the acquisition of additional equity interests in TV One, LLC. However, the subscription offer to holders for the Second Lien Notes ended in July 2010 and the Company determined not to further extend this subscription offer. The write off of the debt financing and modification costs was partially offset by the recording of the value of translator equipment awarded to the Company as a result of a legal settlement.

*Provision for income taxes*

<u>Year Ended December 31,</u>		<u>Increase/(Decrease)</u>	
<u>2010</u>	<u>2009</u>		
\$3,971	\$7,014	\$(3,043)	(43.4)%

During the year ended December 31, 2010, the provision for income taxes decreased to approximately \$4.0 million compared to \$7.0 million for the same period in 2009. For the year ended December 31, 2010, the tax provision consisted of approximately \$2.2 million for Reach Media and \$1.8 million for all other operations. For the year ended December 31, 2009, the tax provision consisted of approximately \$4.5 million for Reach Media and \$2.5 million for all other operations. The decrease for Reach Media of \$2.3 million was due to a decline in book income. The decrease in tax for other operations of approximately \$685,000 was due in part to an increase in the tax benefit for Reach purchase accounting adjustments of approximately \$301,000 from the acceleration of book amortization amounts. Radio One also had a tax increase of approximately \$264,000 for state taxes and FIN 48 tax expense. These increases were offset by a reduction in deferred tax expense of \$2.1 million on the deferred tax liability ("DTL") associated with certain indefinite-lived intangibles. The Company continues to maintain a full valuation allowance for its net deferred tax assets ("DTAs"), other than DTAs for Reach Media. We do not consider deferred tax liabilities related to indefinite-lived assets in evaluating the realizability of our DTAs, as the timing of their reversal cannot be determined.

The tax provisions and offsetting valuation allowances resulted in an effective tax rate of (17.7)% for both of the years ended December 31, 2010 and 2009. The annual effective tax rate for Radio One reflects the increase in DTLs associated with the amortization of certain of the Company's radio broadcasting licenses for tax purposes.

*Loss from discontinued operations, net of tax*

<u>Year Ended December 31,</u>		<u>Increase/(Decrease)</u>	
<u>2010</u>	<u>2009</u>		
\$(204)	\$(1,815)	\$1,611	88.8%

Included in the loss from discontinued operations, net of tax, are the results of operations for radio station clusters sold in Los Angeles, Miami, Augusta, Louisville, Dayton, Minneapolis and a station in our Boston market (WILD-FM). Discontinued operations also include the results from operations for Giant Magazine, which ceased publication in December 2009. The loss incurred for the year ended December 31, 2010 was due to legal and litigation spending from ongoing litigation for certain previously sold stations. This spending was partially offset by the assumption of Giant Magazine's subscriber liability by another publisher. The loss incurred for the year ended December 31, 2009 resulted from operating losses incurred by Giant Magazine in addition to legal and litigation expenses as a result of ongoing legal activity for certain station sales. The loss from discontinued operations, net of tax, includes no tax provision for the years ended December 30, 2010 and 2009.

*Noncontrolling interests in income of subsidiaries*

<u>Year Ended December 31,</u>		<u>Increase/(Decrease)</u>	
<u>2010</u>	<u>2009</u>		
\$2,008	\$4,329	\$(2,321)	(53.6)%

The decrease in noncontrolling interests in income of subsidiaries is due to a decrease in Reach Media's net income for the year ended December 31, 2010 compared to the same period in 2009.

***Other Data***

*Station operating income*

Station operating income decreased to approximately \$102.5 million for the year ended December 31, 2010 compared to approximately \$105.9 million for the year ended December 31, 2009, a decrease of approximately \$3.4 million or 3.2%. This decrease was primarily due to increased expenses with minimal increases in revenues. Increased spending was primarily due to payroll related expenses from the restoration of salaries, bonuses, and commissions. Additionally, operating expenses increased due to the non-recurrence of vacation savings from 2009 vacation plan changes and forced office closings. In addition there were higher national representation fees, additional research expenses, and increased bad debt expense in 2010 compared to the corresponding 2009 period.

*Station operating income margin*

Station operating income margin decreased to 36.6% for the year ended December 31, 2010 from 38.9% for the year ended December 31, 2009. This decrease was primarily attributable to a decline in station operating income as described above.

**RADIO ONE, INC. AND SUBSIDIARIES**

**RESULTS OF OPERATIONS**

The following table summarizes our historical consolidated results of operations:

*Year Ended December 31, 2009 Compared to Year Ended December 31, 2008 (In thousands)*

	<b>For the Years Ended</b>		<b>Increase/(Decrease)</b>	
	<b>December 31,</b>			
	<b>2009</b>	<b>2008</b>		
<b>Statements of Operations:</b>				
Net revenue	\$ 272,092	\$ 313,443	\$ (41,351)	(13.2)%
Operating expenses:				
Programming and technical, excluding stock-based compensation	75,547	79,117	(3,570)	(4.5)
Selling, general and administrative, excluding stock-based compensation	90,695	102,595	(11,900)	(11.6)
Corporate selling, general and administrative, excluding stock-based compensation	23,492	35,279	(11,787)	(33.4)
Stock-based compensation	1,649	1,777	(128)	(7.2)
Depreciation and amortization	21,011	19,022	1,989	10.5
Impairment of long-lived assets	65,937	423,220	(357,283)	(84.4)
Total operating expenses	<u>278,331</u>	<u>661,010</u>	<u>(382,679)</u>	<u>(57.9)</u>
Operating loss	(6,239)	(347,567)	(341,328)	(98.2)
Interest income	144	491	(347)	(70.7)
Interest expense	38,404	59,689	(21,285)	(35.7)
Gain on retirement of debt	1,221	74,017	(72,796)	(98.4)
Equity in income (loss) of affiliated company	3,653	(3,652)	7,305	200.0
Other expense, net	104	316	(212)	(67.1)
Loss before provision for (benefit from) income taxes, noncontrolling interests in income of subsidiaries and loss from discontinued operations, net of tax	(39,729)	(336,716)	(296,987)	(88.2)
Provision for (benefit from) income taxes	7,014	(45,183)	52,197	115.5
Net loss from continuing operations	(46,743)	(291,533)	(244,790)	(84.0)
Loss from discontinued operations, net of tax	(1,815)	(7,414)	(5,599)	(75.5)
Net loss	(48,558)	(298,947)	(250,389)	(83.8)
Noncontrolling interests in income of subsidiaries	4,329	3,997	332	8.3
Net loss attributable to common stockholders	<u>\$ (52,887)</u>	<u>\$ (302,944)</u>	<u>\$ (250,057)</u>	<u>(82.5)%</u>

*Net revenue*

<b>Year Ended December 31,</b>		<b>Increase/(Decrease)</b>	
<b>2009</b>	<b>2008</b>		
\$272,092	\$313,443	\$(41,351)	(13.2)%

During the year ended December 31, 2009, we recognized approximately \$272.1 million in net revenue compared to approximately \$313.4 million during the same period in 2008. These amounts are net of agency and outside sales representative commissions, which were approximately \$28.4 million during the year ended December 31, 2009, compared to approximately \$34.6 million during the same period in 2008. CCI, the social online networking company acquired by the Company in 2008, generated approximately \$13.4 million in net revenue for the year ended December 31, 2009, compared to approximately \$11.7 million from the April 2008 acquisition date through December 31, 2008. Despite incremental revenue from CCI, the decrease in net revenue was due primarily to the weak economic environment which continued to weaken demand for advertising in general. For our radio business, based on reports prepared by the independent accounting firm Miller, Kaplan, Arase & Co., LLP ("Miller Kaplan"), the markets we operate in declined 18.2% in total revenues for the year ended December 31, 2009, 17.4% in national revenues and 20.5% in local revenues. While the Company's total radio net revenue outperformed that of the markets in which we operate, we nonetheless experienced considerable net revenue declines in several of our markets, notably Atlanta, Baltimore, Houston, Raleigh-Durham and Washington, DC. Excluding CCI, net revenue declined 14.3% for the year ended December 31, 2009 compared to the same period in 2008.

## Operating expenses

### Programming and technical, excluding stock-based compensation

Year Ended December 31,		Increase/(Decrease)	
2009	2008		
\$75,547	\$79,117	\$(3,570)	(4.5)%

Programming and technical expenses include expenses associated with on-air talent and the management and maintenance of the systems, tower facilities, and studios used in the creation, distribution and broadcast of programming content on our radio stations. Programming and technical expenses for radio also include expenses associated with our programming research activities and music royalties. For our internet business, programming and technical expenses include software product design, post-application software development and maintenance, database and server support costs, the help desk function, data center expenses connected with ISP hosting services and other internet content delivery expenses. Programming and technical expenses for CCI, which was acquired in April 2008, grew from approximately \$5.5 million from April to December 2008, to \$6.3 million for the year ended December 31, 2009. This increase was more than offset by several cost-cutting initiatives in the radio segment, specifically compensation savings from employee layoffs and salary reductions, contracted on-air talent reductions and lower facilities spending. Excluding CCI's expenses, programming and technical expenses decreased 6.0% for the year ended December 31, 2009 compared to the same period in 2008.

### Selling, general and administrative, excluding stock-based compensation

Year Ended December 31,		Increase/(Decrease)	
2009	2008		
\$90,695	\$102,595	\$(11,900)	(11.6)%

Selling, general and administrative expenses include expenses associated with our sales departments, offices and facilities and personnel (outside of our corporate headquarters), marketing and promotional expenses, special events and sponsorships and back office expenses. Expenses to secure ratings data for our radio stations and visitors' data for our websites are also included in selling, general and administrative expenses. In addition, selling, general and administrative expenses for radio and internet include expenses related to the advertising traffic (scheduling and insertion) functions. Selling, general and administrative expenses also include membership traffic acquisition costs for our online business. Our radio division realized approximately \$11.3 million in savings, primarily in compensation, specifically less commissions and national representative fees due to declining revenue, lower salary expenses resulting from employee layoffs and salary cuts and less bad debt expense as a result of fewer client bankruptcies. Other radio division savings included less promotional expenses, less travel and entertainment spending and vacation benefit savings from scheduled office closings and changes to the Company's vacation policy. Our online business, excluding CCI, incurred less spending for traffic acquisition costs. These savings more than offset increased research spending. Selling, general and administrative expenses for CCI, which was acquired in April 2008, increased to approximately \$8.6 million for the year ended 2009, from \$5.7 million for the period April through December 2008. Excluding CCI's expenses, selling, general and administrative expenses decreased 15.2% for the year ended December 31, 2009 compared to the same period in 2008.

### Corporate selling, general and administrative, excluding stock-based compensation

Year Ended December 31,		Increase/(Decrease)	
2009	2008		
\$23,492	\$35,279	\$(11,787)	(33.4)%

Corporate expenses consist of expenses associated with our corporate headquarters and facilities, including personnel. The decrease in corporate expenses during the year December 31, 2009 was primarily due to the non-recurrence of approximately \$10.2 million in compensation costs recorded in 2008 associated with the Chief Executive Officer's ("CEO") April 2008 employment agreement. Additional corporate selling, general and administrative savings resulted from our cost-cutting initiatives, specifically lower compensation due to salary reductions, lower bonuses, less severance and vacation savings from scheduled office closings and changes to the Company's vacation policy. Reduced corporate selling, general and administrative spending also resulted from lower legal and professional expenses, reduced travel and entertainment, lower bad debt expense and less public relations spending. For the year ended December 31, 2009, the Company incurred restructuring charges in the amount of \$244,000 for layoffs from the consolidation of its radio division business offices, compared to restructuring charges of \$485,000 for the same period in 2008 stemming from Company-wide layoffs. Excluding the approximately \$10.2 million recorded for the CEO's bonuses in 2008 and the restructuring charges for both years, corporate selling, general and administrative expenses decreased 6.9% for the year ended December 31, 2009 compared to the same period in 2008.

*Depreciation and amortization*

<u>Year Ended December 31,</u>		<u>Increase/(Decrease)</u>	
<u>2009</u>	<u>2008</u>		
\$21,011	\$19,022	\$1,989	10.5%

The increase in depreciation and amortization expense for the year ended December 31, 2009 was due primarily to the April 2008 acquisition of CCI and the depreciation and amortization of technology and intangible assets acquired, and to a lesser extent, asset additions from our June 30, 2008 acquisition of WPRS-FM, new office facilities for our Charlotte market and studio improvements for one of our syndicated shows.

*Impairment of long-lived assets*

<u>Year Ended December 31,</u>		<u>Increase/(Decrease)</u>	
<u>2009</u>	<u>2008</u>		
\$65,937	\$423,220	\$(357,283)	(84.4)%

The decrease in impairment of long-lived assets for the year ended December 31, 2009 was related to non-cash impairment charges recorded to reduce the carrying value of radio broadcasting licenses, goodwill and other intangible assets to their estimated fair values. The 2009 impairments occurred in 11 of our 16 markets, namely in Charlotte, Cincinnati, Cleveland, Columbus, Dallas, Houston, Indianapolis, Philadelphia, Raleigh-Durham, Richmond and St. Louis. The 2008 impairments occurred in 12 markets and included the same markets impaired in 2009, plus Detroit. The impairments were driven in part by the economic downturn, slower radio industry and market revenue growth and resulting deteriorating cash flows, declining radio station transaction multiples and a higher cost of capital. The recent and gradual decline in values for long-lived assets such as licenses and other intangibles was not unique nor specific to our individual markets, as this trend has impacted the valuations of the radio industry as a whole, and has impacted other broadcast and traditional media companies as well.

*Interest income*

<u>Year Ended December 31,</u>		<u>Increase/(Decrease)</u>	
<u>2009</u>	<u>2008</u>		
\$144	\$491	\$(347)	(70.7)%

The decrease in interest income for the year ended December 31, 2009 was due primarily to lower balances of cash and cash equivalents and a decline in interest rates.

*Interest expense*

<u>Year Ended December 31,</u>		<u>Increase/(Decrease)</u>	
<u>2009</u>	<u>2008</u>		
\$38,404	\$59,689	\$(21,285)	(35.7)%

The decrease in interest expense for the year ended December 31, 2009 was due primarily to pay downs on outstanding debt on the Company's credit facility, early redemptions of the Company's 8<sup>7</sup>/<sub>8</sub>% Senior Subordinated Notes due July 2011, and to a lesser extent, more favorable rates, which were favorably impacted by shifting outstanding principal debt from the term to the revolver portion of the credit facility. The reduction is also driven by the non-recurrence of local marketing agreement ("LMA") fees associated with the operation of WPRS-FM prior to our June 2008 acquisition. LMA fees are classified as interest expense.

*Gain on retirement of debt*

<u>Year Ended December 31,</u>		<u>Increase/(Decrease)</u>	
<u>2009</u>	<u>2008</u>		
\$1,221	\$74,017	\$(72,796)	(98.4)%

The gain on retirement of debt for the year ended December 31, 2009 was due to the redemption of the Company's outstanding 8<sup>7</sup>/<sub>8</sub>% Senior Subordinated Notes due July 2011 at a discount. The gain for the year ended December 31, 2009 resulted from the early redemption of approximately \$2.4 million of the 8<sup>7</sup>/<sub>8</sub>% Senior Subordinated Notes at an average discount of 50.0%. The gain for the year ended December 31, 2008 was due to the early redemption of approximately \$196.1 million of the 8<sup>7</sup>/<sub>8</sub>% Senior Subordinated Notes at an average discount of 38.4%. As of December 31, 2009, a principal amount of approximately \$101.5 million remained outstanding on the 8<sup>7</sup>/<sub>8</sub>% Senior Subordinated Notes.

*Equity in income (loss) of affiliated company*

<b>Year Ended December 31,</b>		<b>Increase/(Decrease)</b>	
<b>2009</b>	<b>2008</b>		
\$3,653	\$(3,652)	\$7,305	200.0%

Equity in income (loss) of affiliated company primarily reflects our estimated equity in the net income or loss of TV One, LLC (“TV One”). The change to equity in income of affiliated company for the year ended December 31, 2009 was due primarily to net income generated by TV One in 2009. This compares to equity in loss of affiliated company for the year ended December 31, 2008, given TV One’s net loss in 2008. The Company’s share of the net income or loss is driven by TV One’s current capital structure and the Company’s ownership of the equity securities of TV One that are currently absorbing its net income or losses.

*Provision for (benefit from) income taxes*

<b>Year Ended December 31,</b>		<b>Increase/(Decrease)</b>	
<b>2009</b>	<b>2008</b>		
\$7,014	\$(45,183)	\$52,197	115.5%

During the year ended December 31, 2009, the provision for income taxes increased to approximately \$7.0 million compared to a benefit of \$45.2 million for the same period in 2008. The tax benefit for the year ended December 31, 2008 related to an impairment of indefinite-lived intangibles which reduced the deferred tax liability (“DTL”). The impairment for the year ended December 31, 2009 was significantly less than the impairment in 2008; hence, the benefit from the reduction of the DTL was significantly less for 2009. For the year ended December 31, 2009, the tax provision consisted of approximately \$4.5 million for Reach Media and \$2.5 million for all other operations. The Company continues to maintain a full valuation allowance for its net deferred tax assets (“DTAs”).

The tax provisions and offsetting valuation allowances resulted in effective tax rates of (17.7)% and 13.4% for the years ended December 31, 2009 and 2008, respectively. The annual effective tax rate for Radio One reflects the increase in DTLs associated with the amortization of certain of the Company’s radio broadcasting licenses for tax purposes.

*Loss from discontinued operations, net of tax*

<u>Year Ended December 31,</u>		<u>Increase/(Decrease)</u>	
<u>2009</u>	<u>2008</u>		
\$(1,815)	\$(7,414)	\$(5,599)	(75.5)%

Included in the loss from discontinued operations, net of tax, are the results of operations for station clusters sold in Los Angeles, Miami, Augusta, Louisville, Dayton, Minneapolis and a station in Boston (WILD-FM). Discontinued operations also includes the results of operations for Giant Magazine, which ceased publication in December 2009. The loss from discontinued operations, net of tax, for the year ended December 31, 2008 resulted from a gain on the April 2008 closing on the sale of the assets of radio station WMCU-AM, located in the Miami metropolitan area, which was more than offset by a loss on the May 2008 closing on the sale of the assets of radio station KRBV-FM, located in the Los Angeles metropolitan area. Approximately \$5.1 million in impairment charges were recorded in 2008 based on the sale price of the Los Angeles station pursuant to the asset purchase agreement. Net losses for Giant Magazine in 2009 and 2008 were approximately \$2.0 million and \$3.3 million, respectively. The loss from discontinued operations, net of tax, also includes a tax provision of \$0 and \$84,000 for the years ended 2009 and 2008, respectively.

*Noncontrolling interests in income of subsidiaries*

<u>Year Ended December 31,</u>		<u>Increase/(Decrease)</u>	
<u>2009</u>	<u>2008</u>		
\$4,329	\$3,997	\$332	8.3%

The increase in noncontrolling interests in income of subsidiaries was due to additional net income for Reach Media for the year ended December 31, 2009 compared to the same period in 2008.

*Other Data*

*Station operating income*

Station operating income decreased to approximately \$105.9 million for the year ended December 31, 2009 compared to approximately \$131.7 million for the year ended December 31, 2008, a decrease of approximately \$25.8 million or 19.6%. This decrease was primarily due to declines in both radio and online net revenue as a result of weakened advertising demand given the economic downturn. The net revenue decline was offset in part by a decrease in operating expenses resulting from several cost-cutting initiatives implemented by the Company.

*Station operating income margin*

Station operating income margin decreased to 38.9% for the year ended December 31, 2009 from 42.0% for the year ended December 31, 2008. This decrease was primarily attributable to a decline in net revenue and station operating income as described above.

## Liquidity and Capital Resources

Our primary source of liquidity is cash provided by operations and, to the extent necessary, borrowings available under our senior credit facility and other debt or equity financing.

For the purposes of the below discussion, the term “November 2010 Refinancing Transactions” refers to (i) our November 24, 2010, exchange and cancellation of approximately \$97.0 million of our 8 $\frac{3}{8}$ % senior subordinated notes due 2011 (the “2011 Notes”) and approximately \$199.3 million of our 6 $\frac{3}{8}$ % senior subordinated notes due 2013 (the “2013 Notes” and together with the 2011 Notes, the “Prior Notes”) for approximately \$287.0 million of our 2016 Notes; (ii) our entrance into supplemental indentures in respect of each of the Prior Notes which waived any and all existing defaults and events of default that had arisen or may have arisen that may be waived and eliminated substantially all of the covenants in each indenture governing the Prior Notes, other than the covenants to pay principal of and interest on the Prior Notes when due, and eliminated or modified the related events of default; and (iii) our entrance into an amendment to our senior credit facility as described below.

### Pre-November 2010 Refinancing Transactions Liquidity and Capital Resources

In June 2005, the Company entered into a senior credit agreement (the “Credit Agreement”) with a syndicate of banks and simultaneously borrowed \$437.5 million to retire all outstanding obligations under its previous credit agreement. The Credit Agreement was amended in April 2006, September 2007 and March 2010 to modify certain financial covenants and other provisions. Prior to the November 2010 Refinancing Transactions, the Credit Agreement was to expire the earlier of: (a) six months prior to the scheduled maturity date of the 2011 Notes (January 1, 2011) (unless the 2011 Notes have been repurchased or refinanced prior to such date), or; (b) June 30, 2012. Under the terms of the third amendment described below, the total amount available under the Credit Agreement, as in effect on September 30, 2010, was \$700.0 million, consisting of a \$400.0 million revolving facility and a \$300.0 million term loan facility. Borrowings under the senior credit facility were subject to compliance with certain provisions including, but not limited to, financial covenants. The Company could use proceeds from the senior credit facility for working capital, capital expenditures made in the ordinary course of business, its common stock repurchase program, permitted direct and indirect investments and other lawful corporate purposes.

The Credit Agreement was classified as a current liability on the September 30, 2010 consolidated balance sheet based on the fact that the Credit Agreement expired January 1, 2011, until such time that the 2011 Notes had been refinanced or repurchased prior to January 1, 2011. After giving effect to the November 2010 Refinancing Transactions, the maturity date of the Amended and Restated Credit Agreement (as defined and described below and which replaced the Credit Agreement) is June 30, 2012 and the Amended and Restated Credit Agreement is not classified as a current liability as of December 31, 2010.

During the quarter ended March 31, 2010, we noted that certain of our subsidiaries identified as guarantors in our financial statements did not have requisite guarantees filed with the trustee as required under the terms of the indentures governing the 2011 Notes and the 2013 Notes (the “Non-Joinder of Certain Subsidiaries”). The Non-Joinder of Certain Subsidiaries caused a non-monetary, technical default under the terms of the relevant indentures at December 31, 2009, causing a non-monetary, technical cross-default at December 31, 2009 under the terms of our Credit Agreement. On March 30, 2010, we joined the relevant subsidiaries as guarantors under the relevant indentures (the “Joinder”). Further, on March 30, 2010, we entered into a third amendment (the “Third Amendment”) to the Credit Agreement. The Third Amendment provided for, among other things: (i) a \$100.0 million revolver commitment reduction (from \$500.0 million to \$400.0 million) under the bank facilities; (ii) a 1.0% floor with respect to any loan bearing interest at a rate determined by reference to the adjusted LIBOR; (iii) certain additional collateral requirements; (iv) certain limitations on the use of proceeds from the revolving loan commitments; (v) the addition of Interactive One, LLC as a guarantor of the loans under the Credit Agreement and under the 2011 Notes and the 2013 Notes; (vi) the waiver of the technical cross-defaults that existed as of December 31, 2009 and through the date of the amendment arising due to the Non-Joinder of Certain Subsidiaries; and (vii) the payment of certain fees and expenses of the lenders in connection with their diligence in connection with the amendment.

In May 2010, based on our fiscal year end excess cash flow calculation, we made a \$5.0 million term loan principal prepayment for the year ended December 31, 2009. No excess cash flow calculation was required and, therefore, no payment was required in 2009 for the year ended December 31, 2008. However, in March 2009 and May 2009, we made prepayments of \$70.0 million and \$31.5 million, respectively, on the term loan facility based on its excess proceeds calculation (the excess proceeds calculation included asset acquisition and disposition activity for the twelve month period ended May 31, 2008). These prepayments were funded with \$70.0 million and \$31.5 million in loan proceeds from the revolving facility in March 2009 and May 2009, respectively.



The Credit Agreement, as of November 23, 2010 (immediately prior to the November 2010 Refinancing Transactions), contained certain affirmative and negative covenants that the Company was required to comply with, including:

- (a) maintaining an interest coverage ratio of no less than:
  - 1.90 to 1.00 from January 1, 2006 to September 13, 2007;
  - 1.60 to 1.00 from September 14, 2007 to June 30, 2008;
  - 1.75 to 1.00 from July 1, 2008 to December 31, 2009;
  - 2.00 to 1.00 from January 1, 2010 to December 31, 2010; and
  - 2.25 to 1.00 from January 1, 2011 and thereafter;
- (b) maintaining a total leverage ratio of no greater than:
  - 7.00 to 1.00 beginning April 1, 2006 to September 13, 2007;
  - 7.75 to 1.00 beginning September 14, 2007 to March 31, 2008;
  - 7.50 to 1.00 beginning April 1, 2008 to September 30, 2008;
  - 7.25 to 1.00 beginning October 1, 2008 to June 30, 2010;
  - 6.50 to 1.00 beginning July 1, 2010 to September 30, 2011; and
  - 6.00 to 1.00 beginning October 1, 2011 and thereafter;
- (c) maintaining a senior leverage ratio of no greater than:
  - 5.00 to 1.00 beginning June 13, 2005 to September 30, 2006;
  - 4.50 to 1.00 beginning October 1, 2006 to September 30, 2007; and
  - 4.00 to 1.00 beginning October 1, 2007 and thereafter; and
- (d) limitations on:
  - liens;
  - sale of assets;
  - payment of dividends; and
  - mergers.

As of each of June 30, 2010, July 1, 2010 and September 30, 2010, we were not in compliance with the terms of our Credit Agreement. More specifically, (i) as of June 30, 2010, we failed to maintain a then required total leverage ratio of 7.25 to 1.00, (ii) as of July 1, 2010, as a result of a step down of the total leverage ratio from no greater than 7.25 to 1.00 to no greater than 6.50 to 1.00 effective for the period July 1, 2010 to September 30, 2011, we failed to maintain the requisite total leverage ratio, (iii) as of September 30, 2010, we failed to meet our current total leverage ratio requirement of 6.50 to 1.00 and our senior leverage ratio requirement of 4.00 to 1.00, and (iv) as of each of June 30, 2010 and September 30, 2010, we failed to meet certain hedging obligations; specifically, we failed to maintain a ratio of at least 50% fixed rate debt to floating rate debt. On July 15, 2010, the Company and its subsidiaries entered into a forbearance agreement (the "Forbearance Agreement") with Wells Fargo Bank, N.A. (successor by merger to Wachovia Bank, National Association), as administrative agent (the "Agent"), and financial institutions constituting the majority of outstanding loans and commitments (the "Required Lenders") under our Credit Agreement, relating to the defaults and events of default existing as of June 30, 2010 and July 1, 2010. On August 13, 2010, we entered into an amendment to the Forbearance Agreement (the "Forbearance Agreement Amendment") that, among other things, extended the termination date of the Forbearance Agreement to September 10, 2010, unless terminated earlier by its terms, and provided additional forbearance related to the then anticipated default caused by an opinion of Ernst & Young LLP expressing substantial doubt about the Company's ability to continue as a going concern as issued in connection with the restatement of our financial statements. Under the Forbearance Agreement and the Forbearance Agreement Amendment, the Agent and the Required Lenders maintained the right to deliver "payment blockage notices" to the trustees for the holders of the 2011 Notes and/or the 2013 Notes.

On August 5, 2010, the Agent delivered a payment blockage notice to the trustee under the indenture governing our 2013 Notes. As a result, neither we nor any of our guaranteeing subsidiaries could make any payment or distribution of any kind or character in respect of obligations under the 2013 Notes, including the interest payment that was scheduled to be made on August 16, 2010. The 30-day grace period for the nonpayment of interest before such nonpayment constituted an event of default under the indenture governing the 2013 Notes expired on September 15, 2010. While the trustee or holders of at least 25% in principal amount of the then outstanding 2013 Notes could have declared the principal amount, and accrued and unpaid interest, on all outstanding 2013 Notes to be due and payable immediately as a result of such event of default, no such remedies were sought as we continued to negotiate the terms of the amended exchange offer and a new support agreement with the members of an ad hoc group of holders of our Prior Notes in connection with the November 2010 Refinancing Transactions. The event of default under the indenture governing the 2013 Notes also constituted an event of default under our Credit Agreement. While the Forbearance Agreement Amendment expired by its terms on September 10, 2010, also in connection with the November 2010 Refinancing Transactions, we and the Agent continued to negotiate the terms of a credit facility amendment (the "Credit Agreement Amendment"), and the Agent and the lenders did not exercise additional remedies under the Credit Agreement. The Amended and Restated Credit Agreement cured these issues.

Post-November 2010 Refinancing Transactions Liquidity and Capital Resources

In connection with the November 2010 Refinancing Transactions, on November 24, 2010, as described above, we (i) exchanged approximately \$287.0 million in aggregate principal amount of Prior Notes for approximately \$287.0 in aggregate principal amount of our 2016 Notes and (ii) entered into the Credit Agreement Amendment, as more fully described below.

As of November 24, 2010, after giving effect to an amendment to the Credit Agreement Amendment, the Company had outstanding approximately \$353.1 million on its credit facility. The Credit Agreement Amendment, which amends and restates the Credit Agreement (as so amended and restated, the "Amended and Restated Credit Agreement"), among other things, replaced the existing amount of outstanding revolving loans with a \$323.0 million term loan and provided for three tranches of revolving loans, including a \$20.0 million revolver to be used for working capital, capital expenditures, investments, and other lawful corporate purposes, a \$5.1 million revolver to be used solely to redeem and retire the 2011 Notes, and a \$13.7 million revolver to be used solely to fund a capital call with respect to TV One.

As of December 31, 2010, the Company had approximately \$16.9 million of borrowing capacity under its revolving credit facility. Taking into consideration the financial covenants under the Amended and Restated Credit Agreement, the entire amount of that borrowing capacity was available for borrowing.

As of December 31, 2010, the Company had outstanding approximately \$353.7 million on its senior credit facility. During the year ended December 31, 2010, the Company borrowed approximately \$24.0 million and repaid approximately \$21.5 million.

Under the terms of the Amended and Restated Credit Agreement, interest on both alternate base rate loans and LIBOR loans is payable monthly. The LIBOR interest rate floor is 1.00% and the alternate base rate is equal to the greater of the prime rate, the Federal Funds Effective Rate plus 0.50% and the LIBOR Rate for a one-month period plus 1.00%. Interest payable on (i) LIBOR loans will be at LIBOR plus 6.25% and (ii) alternate base rate loans will be at alternate base rate plus 5.25% (and, in each case, may be permanently increased if the Company exceeds certain senior leverage ratio levels, tested quarterly beginning June 30, 2011). The interest rate paid in excess of LIBOR could be as high as 7.25% during the last quarter prior to maturity if the Company exceeds the senior leverage ratio levels on each test date.

The Amended and Restated Credit Agreement provides for maintenance of the following maximum fixed charge coverage ratio as of the last day of each fiscal quarter:

<b>Effective Period</b>	<b>Ratio</b>
November 24, 2010 to December 30, 2010	1.05 to 1.00
December 31, 2010 to June 30, 2012	1.07 to 1.00

The Amended and Restated Credit Agreement also provides for maintenance of the following maximum total leverage ratios (subject to certain adjustments if subordinated debt is issued or any portion of the \$13.7 million revolver is used to fund a TV One capital call):

<b>Effective Period</b>	<b>Ratio</b>
November 24, 2010 to December 30, 2010	9.35 to 1.00
December 31, 2010 to December 30, 2011	9.00 to 1.00
December 31, 2011 and thereafter	9.25 to 1.00

The Amended and Restated Credit Agreement also provides for maintenance of the following maximum senior leverage ratios (subject to certain adjustments if any portion of the \$13.7 million revolver is used to fund a TV One capital call):

<b>Beginning</b>	<b>No greater than</b>
November 24, 2010 to December 30, 2010	5.25 to 1.00
December 31, 2010 to March 30, 2011	5.00 to 1.00
March 31, 2011 to September 29, 2011	4.75 to 1.00
September 30, 2011 to December 30, 2011	4.50 to 1.00
December 31, 2011 and thereafter	4.75 to 1.00

The Amended and Restated Credit Agreement provides for maintenance of average weekly availability at any time during any period set forth below:

<b>Beginning</b>	<b>Average weekly availability no less than</b>
November 24, 2010 through and including June 30, 2011	\$10,000,000
July 1, 2011 and thereafter	\$15,000,000

Since November 24, 2010, and as of December 31, 2010, the Company has been in compliance with all of its financial covenants under the Amended and Restated Credit Agreement.

As of December 31, 2010, approximate ratios calculated in accordance with the Amended and Restated Credit Agreement, are as follows:

	<b>As of December 31, 2010</b>	<b>Covenant Limit</b>	<b>Cushion</b>
Pro Forma Last Twelve Months Covenant EBITDA (In millions)	\$ 78.8		
Pro Forma Last Twelve Months Fixed Charges (In millions)	\$ 65.0		
Senior Debt (In millions)	\$ 354.3		
Total Debt (In millions)	\$ 642.4		
Senior Secured Leverage:			
Senior Secured Debt / Covenant EBITDA	4.50x	5.00x	0.50x
Total Leverage:			
Total Debt / Covenant EBITDA	8.15x	9.00x	0.85x
Fixed Charge Coverage:			
Covenant EBITDA / Fixed Charges	1.21x	1.07x	0.14x
<b>EBITDA - Earnings before interest, taxes, depreciation and amortization</b>			

On December 24, 2010, all remaining outstanding 2011 Notes were repurchased pursuant to the indenture governing the 2011 Notes. We incurred approximately \$4.5 million in borrowings under the Amended and Restated Credit Agreement in connection with such repurchase.

As a result of our repurchase and refinancing of the 2011 Notes, the expiration of the Amended and Restated Credit Agreement is June 30, 2012.

Our ability to meet our debt service obligations and reduce our total debt is subject to general economic conditions and to financial, business and other factors, including factors beyond our control. In the next 12 months, our principal liquidity requirements will be for working capital, continued business development, strategic investment opportunities, our TV One capital commitment and for general corporate purposes, including capital expenditures. The Company continually projects its anticipated cash needs, which include, but are not limited to, its operating needs, capital requirements, any TV One capital funding commitment and principal and interest payments on its indebtedness. Management's most recent revenue, operating income and cash flow projections considered the recent gradual improvement in both the economy and advertising environment, and the projections compare more favorably to prior periods during which the economic downturn persisted.

Management's projections are dependent on the continuation of the recently improving economic and advertising environments, and any adverse fluctuations, or other unforeseen circumstances, may negatively impact the Company's operations beyond those assumed. Management considered the risks that the current economic conditions may have on its liquidity projections, as well as the Company's ability to meet its debt covenant requirements. If economic conditions deteriorate unexpectedly or do not continue to rebound, or if other adverse factors outside the Company's control arise, our operations could be negatively impacted. If it appears that we could not meet our liquidity needs or that noncompliance with debt covenants is likely to result, the Company would implement several remedial measures, which could include operating cost and capital expenditure reductions and deferrals, seeking its share of distributions from TV One and further de-leveraging actions, which may include repurchases of discounted senior subordinated notes and other debt repayments, subject to our available liquidity to make such repurchases. Further, TV One recently incurred substantial indebtedness in connection with the buyout of certain of its financial investor and management members and restrictions in effect in connection with such indebtedness could impact upon TV One's ability to make distributions.

The Amended and Restated Credit Agreement continues to require the Company from time to time to protect itself from interest rate fluctuations using interest rate hedge agreements. As a result, the Company maintains a fixed rate swap agreement designed to mitigate its exposure to higher floating interest rates. The swap agreement requires that we pay a fixed rate of interest on the notional amount to a bank and that the bank pays to us a variable rate equal to three-month LIBOR. As of December 31, 2010, we had one swap agreement in place for a total notional amount of \$25.0 million, and the period remaining on this swap agreement is 18 months.

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

The following table summarizes the interest rates in effect with respect to our debt as of December 31, 2010:

<b>Type of Debt</b>	<b><u>Amount Outstanding</u></b> <b>(In millions)</b>	<b><u>Applicable Interest Rate</u></b>
Senior bank term debt (swap matures June 16, 2012)(1)	\$ 25.0	11.42%
Senior bank term debt (at variable rates)(2)	\$ 321.7	7.25%
Senior bank revolving debt (at variable rates)(2)	\$ 7.0	7.25%
12 <sup>1</sup> / <sub>2</sub> %/15% Senior Subordinated Notes (fixed rate)	\$ 286.8	15.00%
Note payable (fixed rate)	\$ 1.0	7.00%
6 <sup>3</sup> / <sub>8</sub> % Senior Subordinated Notes (fixed rate)	\$ 0.7	6.38%

(1) A total of \$25.0 million is subject to a fixed rate swap agreement that became effective in June 2005. Under our fixed rate swap agreement, we pay a fixed rate plus a spread based on our leverage ratio, as defined in our Credit Agreement. That spread is currently set at 6.25% and is incorporated into the applicable interest rates set forth above.

(2) Subject to variable Libor Rate plus a spread currently at 6.25% and incorporated into the applicable interest rate set forth above. This tranche is not covered by swap agreements described in footnote (1).

The indentures governing our Prior Notes and our 2016 Notes require that we comply with certain financial covenants limiting our ability to incur additional debt. Such terms also place restrictions on us with respect to the sale of assets, liens, investments, dividends, debt repayments, capital expenditures, transactions with affiliates, consolidation and mergers, and the issuance of equity interests, among other things. As of November 24, 2010 and in connection with the November 2010 Refinancing Transactions, we and the trustee under the indentures governing our Prior Notes entered into supplemental indentures which waived any and all existing defaults and events of default that had arisen or may have arisen that may be waived and eliminated substantially all of the covenants in each indenture other than the covenants to pay principal of and interest on the Prior Notes when due, and eliminated or modified the related events of default. Our Amended and Restated Credit Agreement also requires compliance with financial tests based on financial position and results of operations, including a leverage ratio, an interest coverage ratio and a fixed charge coverage ratio, all of which could effectively limit our ability to borrow under the Amended and Restated Credit Agreement or to otherwise raise funds in the debt market.

Reach Media issued a \$1.0 million promissory note payable in November 2009 to Radio Networks, a subsidiary of Citadel. The note was issued in connection with Reach Media entering into a new sales representation agreement with Radio Networks. The note bears interest at 7.0% per annum, which is payable quarterly, and the entire principal amount is due on December 31, 2011.

The following table provides a comparison of our statements of cash flows for the years ended December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
	(In thousands)	
Net cash flows provided by operating activities	\$ 17,836	\$ 45,443
Net cash flows used in investing activities	(4,664)	(4,871)
Net cash flows used in financing activities	(23,943)	(42,898)

Net cash flows provided by operating activities were approximately \$17.8 million for the year ended December 31, 2010 compared to net cash flows provided by operating activities of approximately \$45.4 million for the year ended December 31, 2009. Net cash flows provided by operating activities for the year ended December 31, 2010 decreased from the prior year due primarily to changes in operating assets and liabilities, consisting of a decrease in cash flows from the change in accounts receivable and accrued interest.

Net cash flows used in investing activities were approximately \$4.7 million for the year ended December 31, 2010 compared to net cash flows used in investing activities of approximately \$4.9 million for the year ended December 31, 2009. Capital expenditures, including digital tower and transmitter upgrades, and deposits for station equipment and purchases were approximately \$4.3 million and \$4.5 million for the years ended December 31, 2010 and 2009, respectively.

Net cash flows used in financing activities were approximately \$23.9 million and \$42.9 million for the year ended December 31, 2010 and 2009, respectively. During the years ended December 31, 2010 and 2009, respectively, we borrowed approximately \$342.0 million and \$116.5 million from our credit facility and repaid approximately \$339.3 million and \$136.7 million in outstanding debt. During the years ended December 31, 2010 and 2009, respectively, we repurchased our Senior Subordinated Notes due July 2011 and February 2013 for approximately \$290.8 million and \$1.2 million. The Company also repurchased approximately \$19.7 million of our Class A and Class D Common Stock for the year ended December 31, 2009. Reach Media paid approximately \$2.8 million in dividends to noncontrolling interest shareholders for the year ended December 31, 2010 and did not pay a dividend in 2009.

#### *Credit Rating Agencies*

On a continuing basis, credit rating agencies such as Moody's and S&P evaluate our debt. On November 24, 2010, S&P raised the Company's long-term corporate credit rating to "CCC+" from "SD" with a positive rating outlook. In addition, S&P raised our issue-level rating on our senior secured debt to "B" from "CCC+". S&P also rated the Company's new 12.5%/15% senior subordinated notes due 2016 "CCC-", rated the remaining portion of the Company's existing 6<sup>3</sup>/<sub>8</sub>% senior subordinated notes due 2013 "CCC-" and affirmed a "CCC-" issue-level rating on the remaining portion of the company's existing 8<sup>7</sup>/<sub>8</sub>% senior subordinated notes.

S&P's actions reflected our successful amendment of our senior secured credit facilities and an exchange offer for its subordinated debt. S&P noted, the transactions eliminated near-term refinancing risk of our senior secured debt, which was set to mature January 1, 2011, if we were unable to refinance its 8<sup>7</sup>/<sub>8</sub>% senior subordinated notes prior to that date. S&P further noted that following the amendment, we were able to cure the default on our 6<sup>3</sup>/<sub>8</sub>% senior subordinated notes by paying its missed August 15, 2010 interest payment.

On December 8, 2010, Moody's confirmed the Company's Caa1 Corporate Family Rating ("CFR"), assigned a B1 rating to the Company's credit facilities and assigned a Caa3 rating to the Company's new 12.5%/15% senior subordinated notes due 2016. These actions reflected our successful amendment of our senior secured credit facilities and an exchange offer for its subordinated debt on November 24, 2010.

On September 20, 2010, Moody's repositioned our probability of default rating to Caa2/LD from Caa2, following the expiration of the 30-day grace period under the 2013 Notes. On August 18, 2010, Moody's placed us on review for a possible downgrade on our corporate family rating and probability of default rating. The review was driven by our announcement that the lenders under our Senior Credit Facility blocked our August 16, 2010 interest payment on the 2013 Notes. The lenders under our Senior Credit Facility had the ability to block the interest payment as we were in violation of the total leverage covenant under our Senior Credit Facility. On June 17, 2010, Moody's placed on review the Company and its debt for a possible upgrade.

On August 24, 2010, S&P lowered our corporate credit rating from CCC+ to SD and lowered the issue-level rating on our 2013 Notes from CCC- to D. On July 20, 2010, S&P revised our CCC+ corporate credit rating outlook from positive to developing. Revision was due to uncertainty surrounding the timing and structure of a potential refinancing. On June 17, 2010 S&P revised our CCC+ corporate credit rating outlook from negative to positive. Revision was due to our announcement of potential refinancing transactions and the proposed increase of our ownership percentage in TV One.

On June 17, 2010, Moody's placed on review the Company and its debt for a possible upgrade. On August 18, 2010, Moody's placed us on review for a possible downgrade on our corporate family rating and probability of default rating. The review was driven by our announcement that the lenders under our Senior Credit Facility blocked our August 16, 2010 interest payment on the 2013 Notes. The lenders under our Senior Credit Facility had the ability to block the interest payment as we were in violation of the total leverage covenant under our Senior Credit Facility. On September 20, 2010, Moody's repositioned our probability of default rating to Caa2/LD from Caa2, following the expiration of the 30-day grace period under the 2013 Notes.

On July 20, 2010, S&P revised our CCC+ corporate credit rating outlook from positive to developing. Revision was due to uncertainty surrounding the timing and structure of a potential refinancing. On June 17, 2010 S&P revised our CCC+ corporate credit rating outlook from negative to positive. Revision was due to our announcement of potential refinancing transactions and the proposed increase of our ownership percentage in TV One. On August 24, 2010, S&P lowered our corporate credit rating from CCC+ to SD and lowered the issue-level rating on our 2013 Notes from CCC- to D.

On June 24, 2009, S&P lowered our corporate credit rating to CCC+ from B- and the issue-level rating on our \$800.0 million secured credit facility to CCC+ from B-. On March 3, 2009, S&P lowered our corporate credit rating to B- from B and the issue-level rating on our \$800.0 million secured credit facility to B- from BB-. While noting that our rating outlook was negative, the ratings downgrade reflects concern over the Company's ability to maintain compliance with financial covenants due to weak radio advertising demand. On May 12, 2009, Moody's downgraded our corporate family rating to Caa1 from B1. On November 3, 2008, Moody's placed on review the Company and its debt for a possible downgrade. The review was prompted by heightened concerns that the radio broadcast sector will likely face significant revenue and cash flow deterioration given weakness in the U.S. economy. Although reductions in our bond ratings may not have an immediate impact on our cost of debt or liquidity, they may impact our future cost of debt and liquidity. Increased debt levels and/or decreased earnings could result in further downgrades in our credit ratings, which, in turn, could impede our access to the debt markets and/or raise our long-term debt borrowing rates. Our ability to use debt to fund major new acquisitions or new business initiatives could also be limited.

### **Recent Accounting Pronouncements**

In June 2009, the FASB issued ASC 105, "*Generally Accepted Accounting Principles*," which establishes the ASC as the source of authoritative non-SEC U.S. generally accepted accounting principles ("GAAP") for non-governmental entities. ASC 105 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of ASC 105 did not have a material impact on the Company's consolidated financial statements.

In May 2009, the FASB issued ASC 855, "*Subsequent Events*," which addresses accounting and disclosure requirements related to subsequent events. It requires management to evaluate subsequent events through the date the financial statements are either issued or available to be issued. In February 2010, the FASB issued ASU 2010-09, which amends ASC 855 to remove all requirements for SEC filers to disclose the date through which subsequent events are considered. The amendment became effective upon issuance. The Company has provided the required disclosures regarding subsequent events in Note 19 – *Subsequent Events*.

The provisions under ASC 825, "*Financial Instruments*," requiring disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies, as well as in annual financial statements became effective for the Company during the quarter ended June 30, 2009. The additional disclosures required under ASC 825 are included in Note 1 – *Organization and Summary of Significant Accounting Policies*.

In March 2008, the FASB issued an update to ASC 815, "*Derivatives and Hedging*," related to disclosures about derivative instruments and hedging activities. It requires disclosure of the fair value of derivative instruments and their gains and losses in a tabular format. It also provides for more information about an entity's liquidity by requiring disclosure of derivative features that are credit risk related. Finally, it requires cross referencing within footnotes to enable financial statement users to locate important information about derivative instruments. Effective January 1, 2009, the Company adopted the updated provisions of ASC 815. The Company's adoption of the updates had no impact on its financial condition or results of operations. (See Note 8 – *Derivative Instruments and Hedging Activities*.)

In February 2008, the FASB delayed the effective date for applying the fair value provisions of ASC 820, "*Fair Value Measurements and Disclosures*," to non-financial assets and non-financial liabilities, except those that are recognized or disclosed on a recurring basis, to fiscal years beginning after November 15, 2008. Effective January 1, 2009, we adopted the provisions of ASC 820 for all non-financial instruments accounted for at fair value on a non-recurring basis. The adoption of ASC 820 for non-financial assets and liabilities did not have a significant impact on our financial condition or results of operations.

In December 2007, the FASB issued updated guidance on ASC 810, "*Consolidation*," which changed the accounting and reporting requirements for the noncontrolling interests in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. The requirements became effective for the Company on January 1, 2009 and changed the accounting and reporting for minority interests, which is now characterized as noncontrolling interests. The updated guidance required retroactive adoption of the presentation and disclosure requirements for existing minority interests, with all other requirements applied prospectively.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our accounting policies are described in Note 1 of our consolidated financial statements – *Organization and Summary of Significant Accounting Policies*. We prepare our consolidated financial statements in conformity with accounting principles generally accepted in the United States, which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. We consider the following policies and estimates to be most critical in understanding the judgments involved in preparing our financial statements and the uncertainties that could affect our results of operations, financial condition and cash flows.

### *Stock-Based Compensation*

The Company accounts for stock-based compensation in accordance with ASC 718, “*Compensation - Stock Compensation*.” Under the provisions of ASC 718, stock-based compensation cost is estimated at the grant date based on the award’s fair value as calculated by the Black-Scholes (“BSM”) valuation option-pricing model and is recognized as expense ratably over the requisite service period. The BSM incorporates various highly subjective assumptions including expected stock price volatility, for which historical data is heavily relied upon, expected life of options granted, forfeiture rates and interest rates. If any of the assumptions used in the BSM model change significantly, stock-based compensation expense may differ materially in the future from that previously recorded.

### *Goodwill and Radio Broadcasting Licenses*

#### *Impairment Testing*

We have made several radio station acquisitions in the past for which a significant portion of the purchase price was allocated to goodwill and radio broadcasting licenses. Goodwill exists whenever the purchase price exceeds the fair value of tangible and identifiable intangible net assets acquired in business combinations. As of December 31, 2010, we had approximately \$678.7 million in broadcast licenses and \$121.4 million in goodwill, which totaled \$800.1 million, and represented approximately 80.1% of our total assets. Therefore, we believe estimating the fair value of goodwill and radio broadcasting licenses is a critical accounting estimate because of the significance of their carrying values in relation to our total assets. For the years ended December 2010, 2009 and 2008, we recorded impairment charges against radio broadcasting licenses and goodwill of approximately \$36.1 million, \$65.6 million and \$420.2 million, respectively. Significant impairment charges have been a recent trend experienced by media companies in general, and are not unique to us.

Effective January 1, 2002, in accordance with ASC 350, “*Intangibles – Goodwill and Other*,” we discontinued amortizing radio broadcasting licenses and goodwill and instead, began testing for impairment annually, or when events or changes in circumstances or other conditions suggest impairment may have occurred. Our annual impairment testing is performed as of October 1 of each year. Impairment exists when the carrying value of these assets exceeds its respective fair value. When the carrying value exceeds fair value, an impairment amount is charged to operations for the excess.

#### *Valuation of Broadcasting Licenses*

We utilize the services of a third-party valuation firm to provide independent analysis when evaluating the fair value of our radio broadcasting licenses and reporting units. The testing for radio broadcasting licenses is performed at the unit of accounting level as determined by ASC 350, “*Intangibles - Goodwill and Other*.” In our case, each unit of accounting is a clustering of radio stations into one geographical market. We use the income approach to value broadcasting licenses, which involves a 10-year model that incorporates several variables, including, but not limited to: (i) estimated discounted cash flows of a hypothetical market participant; (ii) estimated radio market revenue and growth projections; (iii) estimated market share and revenue for the hypothetical participant; (iv) likely media competition within the market; (v) estimated start-up costs and losses incurred in the early years; (vi) estimated profit margins and cash flows based on market size and station type; (vii) anticipated capital expenditures; (viii) probable future terminal values; (ix) an effective tax rate assumption; and (x) a discount rate based on the weighted-average cost of capital for the radio broadcast industry. In calculating the discount rate, we considered: (i) the cost of equity, which includes estimates of the risk-free return, the long-term market return, small stock risk premiums and industry beta; (ii) the cost of debt, which includes estimates for corporate borrowing rates and tax rates; and (iii) estimated average percentages of equity and debt in capital structures.

#### *Valuation of Goodwill*

The impairment testing of goodwill is performed at the reporting unit level. As of December 31, 2010, we had 19 reporting units, which were comprised of our 16 radio markets and three other business divisions. In testing for the impairment of goodwill, we primarily rely on the income approach method. The approach generally involves a 10-year model with similar variables as described above, except that the discounted cash flows are generally based on the Company’s estimated and projected market share and operational performance for its owned radio markets or other business divisions. We also utilize a market-based approach to evaluate the reasonableness of our fair value estimates for our reporting units. We follow a two-step process to evaluate if a potential impairment exists for goodwill. The first step of the process involves estimating the fair value of each reporting unit. If the reporting unit’s fair value is less than its carrying value, a second step is performed as per the guidance of ASC 805-10, “*Business Combinations*,” to allocate the fair value of the reporting unit to the individual assets and liabilities of the reporting unit in order to determine the implied fair value of the reporting unit’s goodwill as of the impairment assessment date. Any excess of the carrying value of the goodwill over the implied fair value of the goodwill is written off as a charge to operations.

In February, May and August of 2010, the Company performed interim impairment testing on the valuation of goodwill associated with Reach Media. Reach Media net revenues and cash flows declined for 2010 and full year internal projections were revised. The revenues declined following the December 31, 2009 expiration of a sales representation agreement with Citadel Broadcasting Corporation ("Citadel") whereby a minimum level of revenue was guaranteed over the term of the agreement. Effective January 1, 2010, Reach Media's newly established sales organization began selling its inventory on the Tom Joyner Morning Show and under a new commission-based sales representation agreement with Citadel, which sells certain inventory owned by Reach Media in connection with its 106 radio station affiliate agreements. Management revised its internal projections for Reach Media by lowering the Year 1 revenue growth rate to 2.5% in August 2010, versus 16.5% previously assumed in our October 2009 annual assessment. Given the relative improvement in the credit markets since late 2009, the discount rate was lowered from 14.0% for the annual assessment to 13.5% for both the February and May 2010 assessments and again lowered to 13.0% for the August 2010 assessment. As part of the year end impairment testing, the discount rate was increased to 13.5% and we reduced our operating cash flow projections and assumptions compared to the interim assessments based on declining revenue projections and actual results which did not meet budget. The Company recorded an impairment charge of \$16.1 million for the quarter ended December 31, 2010.

Since our October 2009 annual assessment, we have not made any changes to the methodology for valuing broadcasting licenses and we have not made any changes to the methodology of valuing or allocating goodwill when determining the carrying values of the radio markets, Reach Media or Interactive One. We believe the license and goodwill valuation assumptions in our annual and year end impairment assessments reflect the current economic and credit environments.

As part of our annual testing, when arriving at the estimated fair values for radio broadcasting licenses and goodwill, we also performed a reasonableness test by comparing our overall average implied multiple based on our cash flow projections and fair values to recently completed sales transactions, and by comparing our fair value estimates to the market capitalization of the Company. The results of these comparisons confirmed that the fair value estimates resulting from our annual assessment for 2010 were reasonable.

Below are some of the key assumptions used in the income approach model for estimating the broadcasting license and goodwill fair values for the annual and interim impairment testing performed since August 2008.

<b>Radio Broadcasting Licenses</b>	<b>August 31, 2008</b>	<b>October 1, 2008</b>	<b>February 28, 2009</b>	<b>August 31, 2009 (a)</b>	<b>October 1, 2009</b>	<b>October 1, 2010</b>
	(In millions)					
Pre-tax impairment charge	\$ 337.9	\$ 51.2	\$ 49.0	\$ -	\$ 16.1	\$ 19.9
Discount Rate	10.0%	10.5%	10.5%	-	10.5%	10.0%
Year 1 Market Revenue Growth or Decline Rate or Range	(2.0)%	(8.0)%	(13.1)% - (17.7)%	(22.3)%	1.0%	1.0% -3.0%
Long-term Market Revenue Growth Rate Range (Years 6 - 10)	1.5% - 2.5%	1.5% - 2.5%	1.5% - 2.5%	-	1.0% - 2.5%	1.0% - 2.5%
Mature Market Share Range	5.8% - 27.0%	1.2% - 27.0%	1.2% - 27.0%	-	0.8% - 28.1%	0.8% - 28.3%
Operating Profit Margin Range	34.0% - 50.7%	20.0% - 50.7%	17.7% - 50.7%	-	18.5% - 50.7%	19.0% - 47.3%
<b>Goodwill (Radio Market Reporting Units)</b>	<b>August 31, 2008</b>	<b>October 1, 2008</b>	<b>February 28, 2009</b>	<b>August 31, 2009 (a)</b>	<b>October 1, 2009 (b)</b>	<b>October 1, 2010 (c)</b>
	(In millions)					
Pre-tax impairment charge	\$ -	\$ 31.1	\$ -	\$ -	\$ 0.6	\$ -
Discount Rate	10.0%	10.5%	10.5%	-	10.5%	10.0%
Year 1 Market Revenue Decline or Growth Rate or Range	(2.0)%	(8.0)%	(13.1)% - (17.7)%	(19.9)%	1.0%	1.5% -3.0%
Long-term Market Revenue Growth Rate Range (Years 6 - 10)	1.5% - 2.5%	1.5% - 2.5%	1.5% - 2.5%	-	1.5% - 2.5%	1.5% - 2.5%
Mature Market Share Range	5.2% - 16.5%	1.1% - 23.0%	2.8% - 22.0%	-	7.0% - 16.5%	7.0% - 23.0%
Operating Profit Margin Range	31.0% - 58.5%	18.0% - 60.0%	15.0% - 61.5%	-	30.0% - 57.5%	27.5% - 58.0%

(a) Reflects changes only to the key assumptions used in the February 2009 interim testing for a certain reporting unit.

(b) Reflects some of the key assumptions for testing only those radio markets with remaining goodwill for October 2009, compared to all markets tested in October 2008 and February 2009.

(c) Reflects some of the key assumptions for testing only those radio markets with remaining goodwill for October 2010



Below are key assumptions used in the income approach model for estimating the fair value for Reach Media for the annual October 2009 and 2010, interim February, May and August 2010 tests and the year end December 2010 impairment tests. When compared to the discount rate used for assessing radio market reporting units, the higher discount rate used in this assessment reflects a premium for a riskier and broader media business, with a heavier concentration and significantly higher amount of programming content related intangible assets that are highly dependent on the on-air personality Tom Joyner. As a result of the May, February and August 2010 interim assessments, the Company concluded no impairment to the carrying value of Reach Media had occurred. However, as a result of our year end assessment, the Company recorded an impairment charge of \$16.1 million.

<b>Reach Media Goodwill (Reporting Unit Within the Radio Broadcasting Segment)</b>	<b>October 1, 2009</b>	<b>February 28, 2010</b>	<b>May 31, 2010</b>	<b>August 31, 2010</b>	<b>December 31, 2010</b>
	(In millions)				
Pre-tax impairment charge	\$ -	\$ -	\$ -	\$ -	\$ 16.1
Discount Rate	14.00%	13.50%	13.50%	13.00%	13.50%
2010 (Year 1) Revenue Growth Rate	16.5% (a)	8.50%	2.50%	2.50%	2.50%
Long-term Revenue Growth Rate Range	2.5% - 3.0%	2.5% - 3.0%	2.5% - 2.9%	2.5% - 3.3%	(2.6)% - 4.4%
Operating Profit Margin Range	27.2% - 35.3%	22.7% - 31.4%	23.3% - 31.5%	25.5% - 31.2%	15.5% - 25.9%

(a)The Year 1 revenue growth rate is driven by the September 2009 amendment of Reach Media's Sales Representation Agreement with Citadel, whereby the guaranteed revenue paid to Reach Media by Citadel was reduced by \$2.0 million in the fourth quarter of 2009, the final quarter for the term of the agreement. Effective January 2010, Reach Media and Citadel are now party to a commission based sales representation agreement, whereby Citadel sells out-of-show inventory for the Tom Joyner Morning Show. Reach Media now sells all in-show inventory.

CCI, an online social networking company, was acquired by the Company in April 2008 and is now included within the operations of the Interactive One reporting unit, which is part of the internet segment. With the weak economy and its negative impact on online advertising, the Company lowered its internal projections for the reporting unit, and performed its first interim impairment testing in August 2009. Below are some of the key assumptions used in the income approach model for determining the fair value as of August 2009, October 2009 and October 2010. When compared to discount rates for the radio reporting units, the higher discount rate used to value the reporting unit is reflective of discount rates applicable to internet media businesses. As a result of the interim August and annual October 2009 testing, the Company concluded no impairment to the carrying value had occurred. We did not make any changes to the methodology for valuing or allocating goodwill when determining the carrying value.

<b>Goodwill (Internet Segment)</b>	<b>August 31, 2009</b>	<b>October 1, 2009</b>	<b>October 1, 2010</b>
	(In millions)		
Pre-tax impairment charges	\$ -	\$ -	\$ -
Discount Rate	17.0%	16.5%	15.0%
Year 1 Revenue Growth Rate	13.7%	13.7%	24.5%
Long-term Revenue Growth Rate (Year 10)	3.5%	3.5%	3.0%
Operating Profit Margin Range	8.8% - 42.9%	10.8% - 42.2%	(0.6)% - 32.7%

The above three goodwill tables reflect some of the key valuation assumptions used for 12 of our 19 reporting units. As a result of our year end testing, we recorded a goodwill impairment charge of \$16.1 million for Reach Media. The other seven remaining reporting units had no goodwill carrying value balances as of December 31, 2010.

In arriving at the estimated fair values for radio broadcasting licenses and goodwill, we also performed a reasonableness test by comparing our overall average implied multiple based on our cash flow projections and fair values to recently completed sales transactions, and by comparing our fair value estimates to the market capitalization of the Company. The results of these comparisons confirmed that the fair value estimates resulting from our annual assessment for 2010 were reasonable.

## Sensitivity Analysis

We believe both the estimates and assumptions we utilized when assessing the potential for impairment are individually and in aggregate reasonable; however, our estimates and assumptions are highly judgmental in nature. Further, there are inherent uncertainties related to these estimates and assumptions and our judgment in applying them to the impairment analysis. While we believe we have made reasonable estimates and assumptions to calculate the fair values, changes in any one estimate, assumption or a combination of estimates and assumptions, or changes in certain events or circumstances (including uncontrollable events and circumstances resulting from continued deterioration in the economy or credit markets) could require us to assess recoverability of broadcasting licenses and goodwill at times other than our annual October 1 assessments, and could result in changes to our estimated fair values and further write-downs to the carrying values of these assets. Impairment charges are non-cash in nature, and as with current and past impairment charges, any future impairment charges will not impact our cash needs or liquidity or our bank ratio covenant compliance.

As of December 31, 2010, we had a total goodwill carrying value of approximately \$121.4 million across 12 of our 19 reporting units. The below table indicates the long-term cash flow growth rates assumed in our impairment testing and the long-term cash flow growth/decline rates that would result in additional goodwill impairment. For three of the reporting units, given the significant excess of their fair value over carrying value, any future goodwill impairment is not likely. However, should our estimates and assumptions for assessing the fair values of the remaining reporting units with goodwill worsen to reflect the below or lower cash flow growth/decline rates, additional goodwill impairments may be warranted in the future.

Reporting Unit	Long-Term Cash Flow Growth Rate Used	Long-Term Cash Flow Growth/Decline Rate That Would Result in Impairment (a)
2	2.0%	Impairment not likely
16	2.5%	Impairment not likely
11	1.5%	Impairment not likely
5	1.5%	0.0%
12	2.0%	0.0%
19	2.5%	0.0%
7	1.5%	(0.4)%
6	1.5%	(1.5)%
1	2.0%	(2.7)%
10	2.5%	(6.3)%
13	2.0%	(7.2)%
18	3.0%	(24.0)%

- (a) The long-term cash flow growth/decline rate that would result in additional goodwill impairment applies only to further goodwill impairment and not to any future license impairment that would result from lowering the long-term cash flow growth rates used.

Several of the licenses in our units of accounting have no or limited excess of fair values over their respective carrying values. Per the table below, as December 31, 2010, we appraised the radio broadcasting licenses at a fair value of approximately \$872.1 million, which was in excess of the \$678.7 million carrying value by \$193.4 million, or 22.2%. The fair values of the licenses exceeded the carrying values of the licenses for 15 of the 16 units of accounting, and have a fair value cushion of 23.8%. The fair value equaled the carrying value for the remaining unit of accounting. Should our estimates, assumptions, or events or circumstances for any upcoming valuations worsen in the units with no or limited fair value cushion, additional license impairments may be needed in the future.

Unit of Accounting (a)	Radio Broadcasting Licenses			
	As of		Excess	
	December 31, 2010	October 1, 2010		
	Carrying Values ("CV")	Fair Values ("FV") (In thousands)	FV vs. CV	% FV Over CV
Unit of Accounting 3	\$ 1,289	\$ 1,522	\$ 233	15.3%
Unit of Accounting 6	26,242	28,102	1,860	6.6%
Unit of Accounting 7	19,265	21,722	2,457	11.3%
Unit of Accounting 8	66,716	74,943	8,227	11.0%
Unit of Accounting 10	179,541	196,311	16,770	8.5%
Unit of Accounting 11	21,135	26,121	4,986	19.1%
Unit of Accounting 13	52,557	56,643	4,086	7.2%
Unit of Accounting 2	3,086	70,047	66,961	95.6%
Unit of Accounting 4	9,482	10,526	1,044	9.9%
Unit of Accounting 5	18,657	18,923	266	1.4%
Unit of Accounting 14	20,434	22,656	2,222	9.8%
Unit of Accounting 15	20,886	24,502	3,616	14.8%
Unit of Accounting 9	34,270	37,232	2,962	8.0%
Unit of Accounting 1	93,394	112,823	19,429	17.2%
Unit of Accounting 16	52,965	111,263	58,298	52.4%
Subtotal - Units of Accounting where FV > CV	619,919	813,336	193,417	23.8%
One Unit of Accounting where FV = CV	58,778	58,778	-	0.0%
Total	\$ 678,697	\$ 872,114	\$ 193,417	22.2%

(a) The units of accounting are not disclosed on a specific market basis so as to not make publicly available sensitive information that could be competitively harmful to the Company.

The following table presents a sensitivity analysis showing the impact on our impairment testing resulting from: (i) a 1% or 100 basis point decrease in industry or reporting unit growth rates; (ii) a 1% or 100 basis point decrease in cash flow margins; (iii) a 1% or 100 basis point increase in the discount rate; and (iv) both a 5% and 10% reduction in the fair values of broadcasting licenses and reporting units.

	<b>Hypothetical Increase in the Recorded Impairment Charge For the Year Ended December 31, 2010</b>	
	<b>Broadcasting Licenses</b>	<b>Goodwill</b>
	<b>(In millions)</b>	
<b>Pre-tax impairment charge recorded:</b>		
Radio Market Reporting Units	\$ 19.9	\$ -
Radio Syndication Reporting Unit	-	16.1
Internet Reporting Unit	-	-
Total Impairment Recorded	<u>\$ 19.9</u>	<u>\$ 16.1</u>
<b>Hypothetical Change for Radio Market Reporting Units:</b>		
A 100 basis point decrease in radio industry growth rates	\$ 15.6	\$ 1.0
A 100 basis point decrease in cash flow margin	\$ 2.1	\$ 0.6
A 100 basis point increase in the applicable discount rate	\$ 35.3	\$ 2.9
A 5% reduction in the fair value of broadcasting licenses and reporting units	\$ 3.6	\$ 1.0
A 10% reduction in the fair value of broadcasting licenses and reporting units	\$ 13.7	\$ 2.3
<b>Hypothetical Change for Reach Media Reporting Unit:</b>		
A 100 basis point decrease in revenue growth rates	Not applicable	\$ 3.6
A 100 basis point decrease in cash flow margin	Not applicable	\$ 3.3
A 100 basis point increase in the applicable discount rate	Not applicable	\$ 5.2
A 5% reduction in the fair value of the reporting unit	Not applicable	\$ 3.3
A 10% reduction in the fair value of the reporting unit	Not applicable	\$ 6.6
<b>Hypothetical Change for Internet Reporting Unit:</b>		
A 100 basis point decrease in revenue growth rates	Not applicable	\$ -
A 100 basis point decrease in cash flow margin	Not applicable	\$ -
A 100 basis point increase in the applicable discount rate	Not applicable	\$ -
A 5% reduction in the fair value of the reporting unit	Not applicable	\$ -
A 10% reduction in the fair value of the reporting unit	Not applicable	\$ -

### ***Impairment of Intangible Assets Excluding Goodwill and Radio Broadcasting Licenses***

Intangible assets, excluding goodwill and radio broadcasting licenses, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be fully recoverable. These events or changes in circumstances may include a significant deterioration of operating results, changes in business plans, or changes in anticipated future cash flows. If an impairment indicator is present, we will evaluate recoverability by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. Assets are grouped at the lowest level for which there is identifiable cash flows that are largely independent of the cash flows generated by other asset groups. If the assets are impaired, the impairment is measured by the amount by which the carrying amount exceeds the fair value of the assets determined by estimates of discounted cash flows. The discount rate used in any estimate of discounted cash flows would be the rate required for a similar investment of like risk. The Company reviewed certain intangibles for impairment during 2010 and determined no impairment charges were necessary. The Company reviewed certain intangibles for impairment during 2009, mainly advertising related intangibles and favorable leases, and recorded impairment charges against one of the favorable leases for \$297,000. Any changes in the valuation estimates and assumptions or changes in certain events or circumstances could result in changes to the estimated fair values of these intangible assets and may result in future write-downs to the carrying values. The Company recorded impairment charges against favorable leases and intellectual property in the amounts of \$0, \$297,000, and approximately \$3.2 million for the years ended 2010, 2009 and 2008, respectively.

### ***Allowance for Doubtful Accounts***

We must make estimates of the uncollectability of our accounts receivable. We specifically review historical write-off activity by market, large customer concentrations, customer credit worthiness and changes in our customer payment terms when evaluating the adequacy of the allowance for doubtful accounts. In the past four years, our historical bad debt results have averaged approximately 5.1% of our outstanding trade receivables and have been a reliable method to estimate future allowances. If the financial condition of our customers or markets were to deteriorate, adversely affecting their ability to make payments, additional allowances could be required.

### ***Revenue Recognition***

We recognize revenue for broadcast advertising when the commercial is broadcast and we report revenue net of agency and outside sales representative commissions in accordance with ASC 605, "Revenue Recognition." When applicable, agency and outside sales representative commissions are calculated based on a stated percentage applied to gross billing. Generally, advertisers remit the gross billing amount to the agency or outside sales representative, and the agency or outside sales representative remits the gross billing, less their commission, to us.

Our online business recognizes its advertising revenue as impressions (the number of times advertisements appear in viewed pages) are delivered, when "click through" purchases or leads are reported, or ratably over the contract period, where applicable.

### ***Equity Accounting***

We account for our investment in TV One under the equity method of accounting in accordance with ASC 323, "Investments – Equity Method and Joint Ventures." We have recorded our investment at cost and have adjusted the carrying amount of the investment to recognize the change in Radio One's claim on the net assets of TV One resulting from net income or losses of TV One as well as other capital transactions of TV One using a hypothetical liquidation at book value approach. We will review the realizability of the investment if conditions are present or events occur to suggest that an impairment of the investment may exist. (See Note 6 - *Investment in Affiliated Company* for further discussion.)

### ***Contingencies and Litigation***

We regularly evaluate our exposure relating to any contingencies or litigation and record a liability when available information indicates that a liability is probable and estimable. We also disclose significant matters that are reasonably possible to result in a loss, or are probable but for which an estimate of the liability is not currently available. To the extent actual contingencies and litigation outcomes differ from amounts previously recorded, additional amounts may need to be reflected.

### ***Estimate of Effective Tax Rates***

We estimate the provision for income taxes, income tax liabilities, deferred tax assets and liabilities, and any valuation allowances in accordance with ASC 740, "Income Taxes," as it relates to accounting for income taxes in interim periods. We estimate effective tax rates based on local tax laws and statutory rates, apportionment factors, taxable income for our filing jurisdictions and disallowable items, among other factors. Audits by the Internal Revenue Service or state and local tax authorities could yield different interpretations from our own, and differences between taxes recorded and taxes owed per our filed returns could cause us to record additional taxes.

To address the exposures of unrecognized tax positions, in January 2007, we adopted the provisions from ASC 740 pertaining to the accounting for uncertainty in income taxes, which recognizes the impact of a tax position in the financial statements if it is more likely than not that the position would be sustained on audit based on the technical merits of the position. As of December 31, 2010, we had approximately \$5.8 million in unrecognized tax benefits. Future outcomes of our tax positions may be more or less than the currently recorded liability, which could result in recording additional taxes, or reversing some portion of the liability, and recognizing a tax benefit once it is determined the liability is either inadequate or no longer necessary as potential issues get resolved, or as statutes of limitations in various tax jurisdictions close.

Our estimated effective tax rate for the year ended December 31, 2010 was (17.7)%. This includes a current year 19.6% unfavorable impact for the valuation allowance for certain deferred tax assets. The pre-tax book loss of \$22.5 million included \$26.1 million of permanent differences, which consist primarily of a \$16.4 million difference related to the impairment of intangibles, as well as a \$7.2 million difference for executive compensation. Excluding the impact of the valuation allowance, the effect of a one percentage point increase in our estimated tax rate as of December 31, 2010 would result in an increase in additional income tax benefit of \$225,000. The one percentage point increase in income tax benefit would result in a decrease in net loss of \$225,000, and the net loss per share, both basic and diluted would decrease by less than \$.01 for continuing operations versus total net loss available to common shareholders, and the net loss per share for discontinued operations would be unchanged for the year ended December 31, 2010.

#### ***Realizability of Deferred Tax Assets***

At December 31, 2007, except for DTAs in its historically profitable jurisdictions, and DTAs that may be benefited by future reversing deferred tax liabilities ("DTLs"), the Company recorded a full valuation allowance for all other DTAs, mainly NOLs, as it was determined that more likely than not the DTAs would not be realized. The Company reached this determination based on its then cumulative loss position and the uncertainty of future taxable income. Consistent with that prior realizability assessment, the Company has recorded a full valuation allowance for additional NOLs generated from the tax deductible amortization of indefinite-lived assets, as well as DTAs created by impairment charges on certain indefinite-lived intangibles for the years ended December 31, 2008, 2009 and 2010. As of December 31, 2010 all DTAs (other than DTAs associated with Reach Media) have a full valuation allowance except to the extent that they may be benefited by future reversing DTLs.

#### ***Redeemable noncontrolling interests***

Noncontrolling interests in subsidiaries that are redeemable outside of the Company's control for cash or other assets are classified as mezzanine equity and measured at the greater of estimated redemption value at the end of each reporting period or the historical cost basis of the noncontrolling interests adjusted for cumulative earnings allocations. The resulting increases or decreases in the estimated redemption amount are affected by corresponding charges against retained earnings, or in the absence of retained earnings, additional paid-in-capital.

#### ***Fair Value Measurements***

The Company has accounted for an award called for in the CEO's employment agreement (the "Employment Agreement") as a derivative instrument in accordance with ASC 815, "*Derivatives and Hedging*." According to the Employment Agreement, which was executed in April 2008, the CEO is eligible to receive an award amount equal to 8% of any proceeds from distributions or other liquidity events in excess of the return of the Company's aggregate investment in TV One. The Company's obligation to pay the award will be triggered only after the Company's recovery of the aggregate amount of its capital contribution in TV One and only upon actual receipt of distributions of cash or marketable securities or proceeds from a liquidity event with respect to the Company's membership interest in TV One. The CEO was fully vested in the award upon execution of the agreement, and the award lapses upon expiration of the Employment Agreement in April 2011, or earlier, if the CEO voluntarily leaves the Company or is terminated for cause.

The Company reassessed the estimated fair value of the award as of December 31, 2010 at approximately \$6.8 million and, accordingly, recorded compensation expense and a liability for that amount. The fair value of the award as of December 31, 2009 was approximately \$4.7 million. The fair valuation incorporated a number of assumptions and estimates, including but not limited to TV One's future financial projections, probability factors and the likelihood of various scenarios that would trigger payment of the award. As the Company will measure changes in the fair value of this award at each reporting period as warranted by certain circumstances, different estimates or assumptions may result in a change to the fair value of the award amount previously recorded.

With the assistance of a third-party valuation firm, the Company assesses the fair value of the redeemable noncontrolling interest in Reach Media as of the end of each reporting period. The fair value of the redeemable noncontrolling interests as of December 31, 2010 and 2009 was \$30.6 million and \$52.2 million, respectively. The determination of fair value incorporated a number of assumptions and estimates including, but not limited to, forecasted operating results, discount rates and a terminal value. Different estimates and assumptions may result in a change to the fair value of the redeemable noncontrolling interests amount previously recorded.

## Capital and Commercial Commitments

### *TV One Cable Network*

Pursuant to a limited liability company agreement dated July 18, 2003 and amended on February 28, 2004, the Company and certain other investors formed TV One for the purpose of developing and distributing a new television programming service. At that time, we committed to make a cumulative cash investment in TV One of \$74.0 million, of which \$60.3 million had been funded as of April 30, 2007, and no additional funding investments have been made since then. Since December 31, 2006, the initial four year commitment period for funding the capital has been extended on a quarterly basis due in part to TV One's lower than anticipated capital needs during the initial commitment period. Currently, the commitment period has been extended to April 1, 2011. We anticipate funding our remaining capital commitment amounts at or about that time.

### *Long-term debt*

The total amount available under our existing Credit Agreement with a syndicate of banks is \$389.4 million, consisting of a \$38.8 million in revolving facility and a \$350.6 million term loan facility. As of December 31, 2010, we had approximately \$353.7 million in debt outstanding under the Credit Agreement which expires in June 2012. We also have outstanding \$747,000 in  $6\frac{3}{8}\%$  Senior Subordinated Notes due February 2013 and \$286.8 million in  $12\frac{1}{2}\%/15\%$  Senior Subordinated Notes due April 2016. Reach Media issued a \$1.0 million promissory note payable in November 2009 to a subsidiary of Citadel. The note was issued in connection with Reach Media reacquiring Citadel's noncontrolling stock ownership in Reach Media as well as entering into a new sales representation agreement with Radio Networks. The note bears interest at 7.0% per annum, which is payable quarterly, and the entire principal amount is due on December 31, 2011. See "Liquidity and Capital Resources."

### *Lease obligations*

We have non-cancelable operating leases for office space, studio space, broadcast towers and transmitter facilities that expire over the next 20 years.

### *Operating Contracts and Agreements*

We have other operating contracts and agreements including employment contracts, on-air talent contracts, severance obligations, retention bonuses, consulting agreements, equipment rental agreements, programming related agreements, and other general operating agreements that expire over the next five years.

## Contractual Obligations Schedule

The following table represents our scheduled contractual obligations as of December 31, 2010:

Contractual Obligations	Payments Due by Period						Total
	2011	2012	2013	2014	2015	2016 and Beyond	
	(In thousands)						
6 <sup>3</sup> / <sub>8</sub> % Senior Subordinated Notes(1)	\$ 48	\$ 48	\$ 753	\$ —	\$ —	\$ —	849
12 <sup>1</sup> / <sub>2</sub> %/15% Senior Subordinated Notes(1)	45,069	43,838	40,879	40,879	40,880	339,980	551,525
Credit facilities(2)	44,084	349,012	—	—	—	—	393,096
Note payable(3)	1,070	—	—	—	—	—	1,070
Other operating contracts/ agreements(4)	37,041	27,603	12,558	11,092	59	201	88,554
Operating lease obligations	8,485	6,334	4,866	3,966	2,803	10,780	37,234
TV One capital commitment (5)	13,700	—	—	—	—	—	13,700
<b>Total</b>	<b>\$ 149,497</b>	<b>\$ 426,835</b>	<b>\$ 59,056</b>	<b>\$ 55,937</b>	<b>\$ 43,742</b>	<b>\$ 350,961</b>	<b>\$ 1,086,028</b>

- (1) Includes interest obligations based on current effective interest rate on senior subordinated notes outstanding as of December 31, 2010.
- (2) Includes interest obligations based on current effective interest rate and projected interest expense on credit facilities outstanding as of December 31, 2010.
- (3) Represents a \$1.0 million promissory note payable issued in November 2009 by Reach Media to Radio Networks, a subsidiary of Citadel. The note was issued in connection with Reach Media entering into a new sales representation agreement with Radio Networks. The note bears interest at 7.0% per annum, which is payable quarterly, and the entire principal amount is due on December 31, 2011.
- (4) Includes employment contracts, severance obligations, on-air talent contracts, consulting agreements, equipment rental agreements, programming related agreements, and other general operating agreements. The decline in other operating contracts and agreements in 2013 from 2012 is driven primarily by term dates for the professional services agreements and most of the employment contracts.
- (5) Represents anticipated funding of our remaining TV One capital commitment on April 1, 2011.

Reflected in the obligations above, as of December 31, 2010, we had a swap agreement in place for a total notional amount of \$25.0 million. The period remaining on the swap agreement is 18 months. If we terminate our interest swap agreement before it expires, we will be required to pay early termination fees. Our credit exposure under these agreements is limited to the cost of replacing an agreement in the event of non-performance by our counter-party; however, we do not anticipate non-performance.

### Off-Balance Sheet Arrangements

As of December 31, 2010, we had three standby letters of credit totaling \$610,000 in connection with our annual insurance policy renewals. In addition we had a letter of credit of \$500,000 for Reach Media in connection with an upcoming event.



## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

As of December 31, 2010, our exposure related to market risk had not changed materially since December 31, 2009.

Both the term loan facility and the revolving facility under our Amended and Restated Credit Agreement bear interest, at our option, at a rate equal to either the London Interbank Offered Rate ("LIBOR"), subject to a LIBOR floor of 1.0%, plus a spread that ranges from 6.25% to 7.25%, or the prime rate plus a spread of up to 6.25%, depending on our senior leverage ratio. We also pay a commitment fee of 0.50% per annum on the unused commitment of the revolving facility. We are exposed to interest rate volatility with respect to this variable rate debt. If the borrowing rates under LIBOR were to increase one percentage point above the current rates at December 31, 2010, our interest expense on the revolving credit facility would increase approximately \$1.1 million on an annual basis, including any interest expense associated with the use of derivative rate hedging instruments as described above.

Under the terms of our Credit Agreement, we entered into fixed rate swap agreements to mitigate our exposure to higher floating interest rates. These swap agreements required that we pay a fixed rate of interest on the notional amount to a bank and that the bank pays to us a variable rate equal to three month LIBOR. As of December 31, 2010, in accordance with our Amended and Restated Credit Agreement, we had one swap agreement in place for a total notional amount of \$25.0 million, and the period remaining on this swap agreement is 18 months. The swap agreement is tied to the three-month LIBOR, which may fluctuate significantly on a daily basis. The valuation of each of these swap agreements is affected by the change in the three-month LIBOR and the remaining term of the agreement. Any increase in the three-month LIBOR results in a more favorable valuation, while a decrease in the three-month LIBOR results in a less favorable valuation.

We estimated the net fair value of this instrument as of December 31, 2010 to be a payable of approximately \$1.4 million. The fair value of the interest rate swap agreement is an estimate of the net amount that we would have paid on December 31, 2010 if the agreements were transferred to other parties or cancelled by us. The fair value is estimated by obtaining quotations from the financial institutions which are parties to our swap agreement contracts.

The determination of the estimated fair value of our fixed-rate debt is subject to the effects of interest rate risk. The estimated fair value of our 12<sup>1</sup>/<sub>2</sub>%/15% and 2013 Notes at December 31, 2010 were approximately \$278.2 million and \$672,000, respectively, and the carrying amounts were \$286.8 million and \$747,000, respectively.

The estimated fair values of our 2013 Notes and 2011 Notes at December 31, 2009 were approximately \$142.0 million and \$78.2 million, respectively, and the carrying amounts were \$200.0 million and \$101.5 million, respectively.

The effect of a hypothetical one percentage point decrease in expected current interest rate yield would be to increase the estimated fair value of our 2013 Notes from approximately \$672,000 to \$783,000 at December 31, 2010. The effect of a hypothetical one percentage point decrease in expected current interest rate yield would be to increase the estimated fair value of our 12<sup>1</sup>/<sub>2</sub>%/15% Notes from approximately \$278.2 million to \$297.5 million at December 31, 2010.

## **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

The consolidated financial statements of Radio One required by this item are filed with this report on Pages F-1 to F-50.

## **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

### **ITEM 9A. CONTROLS AND PROCEDURES**

#### ***(a) Evaluation of disclosure controls and procedures***

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

Management has established new procedures for certain material agreements that may impact upon the Company’s financial statements. These new procedures include wider distribution of material agreements to members of our finance department for review and approval as it pertains to accounting considerations. We believe this new wider distribution has effectively remediated the past material weakness in our internal control over financial reporting related to the proper measurement and classification of any noncontrolling interests held by the Company.

#### ***(b) Management’s report on internal control over financial reporting***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an evaluation of the effectiveness of our internal control over financial reporting. Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk. Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company.

The framework used in carrying our evaluation was the Internal Control — Integrated Framework published by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. In evaluating our information technology controls, we also used the framework contained in the Control Objectives for Information and related Technology (COBIT®), which was developed by the Information Systems Audit and Control Association’s (ISACA) IT Governance Institute, as a complement to the COSO internal control framework. This Form 10-K does not include an attestation report of the Company’s independent registered public accounting firm pursuant to Section 989G of the Dodd-Frank Wall Street Reform and Consumer Protection Act. However, based on our evaluation under these frameworks, our management concluded that we maintained effective internal control over financial reporting as of December 31, 2010.

#### ***(c) Changes in internal control over financial reporting***

During the year ended December 31, 2010, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. During the year, the Company corrected an error related to the proper measurement and classification of a noncontrolling interest in Reach Media, Inc. as presented on the consolidated balance sheets and on the consolidated statements of changes in stockholders’ equity. We have concluded that our disclosure controls and procedures are effective in ensuring that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms.

## **ITEM 9B. OTHER INFORMATION**

None.

## **PART III**

### **ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT**

The information with respect to directors and executive officers required by this Item 10 is incorporated into this report by reference to the information set forth under the caption “Nominees for Class A Directors,” “Nominees for Other Directors,” “Code of Conduct,” and “Executive Officers” in our proxy statement for the 2011 Annual Meeting of Stockholders, which is expected to be filed with the Commission within 120 days after the close of our fiscal year.

### **ITEM 11. EXECUTIVE COMPENSATION**

The information required by this Item 11 is incorporated into this report by reference to the information set forth under the caption “Compensation of Directors and Executive Officers” in our proxy statement.

### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information required by this Item 12 is incorporated into this report by reference to the information set forth under the caption “Principal Stockholders” in our proxy statement.

### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

The information required by this Item 13 is incorporated into this report by reference to the information set forth under the caption “Certain Relationships and Related Transactions” in our proxy statement.

### **ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

The information required by this Item 14 is incorporated into this report by reference to the information set forth under the caption “Audit Fees” in our proxy statement.

**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

(a)(1) *Financial Statements*

The following financial statements required by this item are submitted in a separate section beginning on page F-1 of this report:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2010 and 2009

Consolidated Statements of Operations for the years ended December 31, 2010, 2009 and 2008

Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2010, 2009 and 2008

Consolidated Statements of Cash Flows for the years ended December 31, 2010, 2009 and 2008

Notes to Consolidated Financial Statements

Schedule II — Valuation and Qualifying Accounts

Schedules other than those listed above have been omitted from this Form 10-K because they are not required, are not applicable, or the required information is included in the financial statements and notes thereto.

(a)(2) *EXHIBITS AND FINANCIAL STATEMENTS*: The following exhibits are filed as part of this Annual Report, except for Exhibits 32.1 and 32.2, which are furnished, but not filed, with this Annual Report.

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Radio One, Inc., dated as of May 4, 2000, as filed with the State of Delaware on May 9, 2000 (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended March 31, 2000).
3.1.1	Certificate of Amendment, dated as of September 21, 2000, of the Amended and Restated Certificate of Incorporation of Radio One, Inc., dated as of May 4, 2000, as filed with the State of Delaware on September 21, 2000 (incorporated by reference to Radio One's Current Report on Form 8-K filed October 6, 2000).
3.2	Amended and Restated By-laws of Radio One, Inc. amended as of August 7, 2009 (incorporated by reference to Radio One's Current Report on Form 8-K filed August 21, 2009).
3.3	Restated Articles of Incorporation of Bell Broadcasting Company (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.4	Restated Bylaws of Bell Broadcasting Company (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.5	Articles of Organization of Blue Chip Broadcasting Licenses, Ltd. (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.6	Operating Agreement of Blue Chip Broadcasting Licenses, Ltd. (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.7	Articles of Organization of Blue Chip Broadcasting, Ltd. (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.8	Amended and Restated Operating Agreement of Blue Chip Broadcasting, Ltd. (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.9	Certificate of Formation of Charlotte Broadcasting, LLC (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.10	Limited Liability Company Agreement of Charlotte Broadcasting, LLC (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.11	Articles of Incorporation of Community Connect Inc. (incorporated by reference to Radio One's Registration Statement on Form S-4, filed February 9, 2011).
3.12	Bylaws of Community Connect Inc. (incorporated by reference to Radio One's Registration Statement on Form S-4, filed February 9, 2011).
3.13	Certificate of Formation of Community Connect, LLC. (incorporated by reference to Radio One's Registration Statement on Form S-4, filed February 9, 2011).
3.14	Limited Liability Company Agreement of Community Connect, LLC. (incorporated by reference to Radio One's Registration Statement on Form S-4, filed February 9, 2011).
3.15	Certificate of Formation of Distribution One, LLC. (incorporated by reference to Radio One's Registration Statement on Form S-4, filed February 9, 2011).
3.16	Limited Liability Company Agreement of Distribution One, LLC. (incorporated by reference to Radio One's Registration Statement on Form S-4, filed February 9, 2011).
3.17	Certificate of Incorporation of Hawes-Saunders Broadcast Properties, Inc. (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).

3.18	Amended and Restated Bylaws of Hawes-Saunders Broadcast Properties, Inc. (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.19	Articles of Incorporation of Interactive One, Inc. (incorporated by reference to Radio One's Registration Statement on Form S-4, filed February 9, 2011).
3.20	Bylaws of Interactive One, Inc. (incorporated by reference to Radio One's Registration Statement on Form S-4, filed February 9, 2011).
3.21	Certificate of Formation of Interactive One, LLC. (incorporated by reference to Radio One's Registration Statement on Form S-4, filed February 9, 2011).
3.22	Limited Liability Company Agreement of Interactive One, LLC. (incorporated by reference to Radio One's Registration Statement on Form S-4, filed February 9, 2011).
3.23	Certificate of Incorporation of New Mableton Broadcasting Corporation (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.24	Bylaws of New Mableton Broadcasting Corporation (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.25	Articles of Radio One Cable Holdings, Inc. (incorporated by reference to Radio One's Registration Statement on Form S-4, filed February 9, 2011).
3.26	Bylaws of Radio One Cable Holdings, Inc. (incorporated by reference to Radio One's Registration Statement on Form S-4, filed February 9, 2011).
3.27	Certificate of Formation of Radio One Distribution Holdings, LLC. (incorporated by reference to Radio One's Registration Statement on Form S-4, filed February 9, 2011).
3.28	Limited Liability Company Agreement of Radio One Distribution Holdings, LLC. (incorporated by reference to Radio One's Registration Statement on Form S-4, filed February 9, 2011).
3.29	Certificate of Formation of Radio One Licenses, LLC (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.30	Limited Liability Company Agreement of Radio One Licenses, LLC (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.31	Certificate of Formation of Radio One Media Holdings, LLC (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.32	Limited Liability Company Agreement of Radio One Media Holdings, LLC (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.33	Certificate of Formation of Radio One of Atlanta, LLC (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.34	Limited Liability Company Agreement of Radio One of Atlanta, LLC (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.35	Certificate of Formation of Radio One of Boston Licenses, LLC (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.36	Limited Liability Company Agreement of Radio One of Boston Licenses, LLC (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.37	Certificate of Incorporation of Radio One of Boston, Inc. (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.38	Bylaws of Radio One of Boston, Inc. (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.39	Certificate of Formation of Radio One of Charlotte, LLC (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.40	Limited Liability Company Agreement of Radio One of Charlotte, LLC (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.41	Certificate of Formation of Radio One of Detroit, LLC (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.42	Limited Liability Company Agreement of Radio One of Detroit, LLC (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.43	Certificate of Limited Partnership of Radio One of Indiana, L.P. (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.44	Limited Partnership Agreement of Radio One of Indiana, L.P. (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.45	Certificate of Formation of Radio One of Indiana, LLC (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.46	Limited Liability Company Agreement of Radio One of Indiana, LLC (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.47	Certificate of Formation of Radio One of North Carolina, LLC (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.48	Limited Liability Company Agreement of Radio One of North Carolina, LLC (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.49	Certificate of Formation of Radio One of Texas II, LLC (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.50	Limited Liability Company Agreement of Radio One of Texas II, LLC (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.51	Certificate of Formation of ROA Licenses, LLC (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
3.52	Limited Liability Company Agreement of ROA Licenses, LLC (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).

- 3.53 Certificate of Formation of Satellite One, L.L.C. (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
- 3.54 Limited Liability Company Agreement of Satellite One, L.L.C. (incorporated by reference to Radio One's Registration Statement on Form S-4, filed August 5, 2005).
- 4.1 Indenture dated May 18, 2001 among Radio One, Inc., the Guarantors listed therein, and United States Trust Company of New York (incorporated by reference to Radio One's Registration Statement on Form S-4, filed July 17, 2001).
- 4.2 First Supplemental Indenture, dated August 10, 2001, among Radio One, Inc., the Guaranteeing Subsidiaries and other Guarantors listed therein, and The Bank of New York, as Trustee, (incorporated by reference to Radio One's Registration Statement on Form S-4, filed October 4, 2001).
- 4.3 Second Supplemental Indenture dated as of December 31, 2001, among Radio One, Inc., the Guaranteeing Subsidiaries and other Guarantors listed therein, and The Bank of New York, as Trustee, (incorporated by reference to Radio One's registration statement on Form S-3, filed January 29, 2002).
- 4.4 Third Supplemental Indenture dated as of July 17, 2003, among Radio One, Inc., the Guaranteeing Subsidiaries and other Guarantors listed therein, and The Bank of New York, as Trustee, (incorporated by reference to Radio One's Annual Report on Form 10-K for the period ended December 31, 2003).
- 4.5 Fourth Supplemental Indenture dated as of October 19, 2004, among Radio One, Inc., the Guaranteeing Subsidiaries and other Guarantors listed therein, and The Bank of New York, as Trustee, (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended September 30, 2004).
- 4.6 Fifth Supplemental Indenture dated as of February 8, 2005, among Radio One, Inc., the Guaranteeing Subsidiaries and other Guarantors listed therein, and The Bank of New York, as Trustee (incorporated by reference to Radio One's Annual Report on Form 10-K for the period ended December 31, 2004).
- 4.7 Indenture dated February 10, 2005 between Radio One, Inc. and The Bank of New York, as Trustee, (incorporated by reference to Radio One's Current Report on Form 8-K filed February 11, 2005).
- 4.8 Sixth Supplemental Indenture dated as of February 15, 2006 among Radio One, Inc., the Guaranteeing Subsidiary and the Existing Guarantors listed therein, and The Bank of New York, as successor trustee under the Indenture dated May 18, 2001, as amended (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended June 30, 2006).
- 4.9 First Supplemental Indenture dated as of February 15, 2006 among Radio One, Inc., Syndication One, Inc., the other Guarantors listed therein, and The Bank of New York, as trustee under the Indenture dated February 10, 2005 (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended June 30, 2006).
- 4.11 Seventh Supplemental Indenture dated as of December 22, 2006 among Radio One, Inc., the Guaranteeing Subsidiary and the Existing Guarantors listed therein, and The Bank of New York, as successor trustee under the Indenture dated May 18, 2001, as amended. (incorporated by reference to Radio One's Annual Report on Form 10-K for the period ended December 31, 2006).
- 4.12 Second Supplemental Indenture dated as of December 22, 2006 among Radio One, Inc., Magazine One, Inc., the other Guarantors listed therein, and The Bank of New York, as trustee under the Indenture dated February 10, 2005 (incorporated by reference to Radio One's Annual Report on Form 10-K for the period ended December 31, 2006).
- 4.13 Third Supplemental Indenture, dated as of March 30, 2010 by and among Radio One, Inc., each of the subsidiaries of Radio One listed on Exhibit A attached thereto, Interactive One, Inc., Interactive One, LLC, Community Connect, LLC, Community Connect Inc., Distribution One, LLC and Radio One Distribution Holdings, LLC, and The Bank of New York Mellon (formerly known as The Bank of New York), as trustee under the Indenture dated February 10, 2005 (incorporated by reference to Radio One's Annual Report on Form 10-K for the period ended December 31, 2009).
- 4.14 Eighth Supplemental Indenture, dated as of March 30, 2010, by and among Radio One, Inc., each of the subsidiaries of Radio One listed on Exhibit A attached thereto Interactive One, Inc., Interactive One, LLC, Community Connect, LLC, Community Connect Inc., Distribution One, LLC and Radio One Distribution Holdings, LLC, and The Bank of New York Mellon, as successor to United States Trust Company of New York, as trustee under the Indenture dated as of May 18, 2001 (incorporated by reference to Radio One's Annual Report on Form 10-K for the period ended December 31, 2009).
- 4.15 Indenture, dated as of November 24, 2010, among Radio One, Inc., the guarantors signatory thereto and Wilmington Trust Company, as trustee, relating to the 12.5%/15.0% Senior Subordinated Notes due 2016 (incorporated by reference to Radio One's Current Report on Form 8-K filed on December 1, 2010).
- 4.16 Ninth Supplemental Indenture, dated as of November 24, 2010, among Radio One, Inc., the guarantors listed therein, and Wilmington Trust Company, as successor trustee to The Bank of New York Mellon Trust Company, N.A., as trustee under the Indenture dated May 18, 2001, as amended (incorporated by reference to Radio One's Current Report on Form 8-K filed on December 1, 2010).
- 4.17 Fourth Supplemental Indenture, dated as of November 24, 2010, among Radio One, Inc., the guarantors listed therein, and Wilmington Trust Company, as successor trustee to The Bank of New York Mellon Trust Company, N.A., as trustee under the Indenture dated February 10, 2005. (incorporated by reference to Radio One's Current Report on Form 8-K filed on December 1, 2010).
- 4.18 Exchange and Registration Rights Agreement, dated as of November 24, 2010, among Radio One, Inc., the guarantors signatory thereto and certain holders of its debt securities (incorporated by reference to Radio One's Current Report on Form 8-K filed on December 1, 2010).
- 4.19 Supplemental Indenture, dated as of March 11, 2011, among Radio One, Inc., the Wilmington Trust Company, as trustee, relating to the 12.5%/15.0% Senior Subordinated Notes due 2016.\*
- 4.20 Indenture, dated as of February 25, 2011, by and among TV One, LLC, TV One Capital Corp., U.S. Bank National Association, as trustee, and U.S. Bank National Association, as collateral trustee, relating to the 10% Senior Subordinated Notes due 2016.\*
- 10.1 Certificate Of Designations, Rights and Preferences of the 6<sup>1</sup>/<sub>2</sub> % Convertible Preferred Securities Remarketable Term Income Deferrable Equity Securities (HIGH TIDES) of Radio One, Inc., as filed with the State of Delaware on July 13, 2000 (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended June 30, 2000).
- 10.2 Amended and Restated Stockholders Agreement dated as of September 28, 2004 among Catherine L. Hughes and Alfred C. Liggins, III (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended June 30, 2005).
- 10.5 Credit Agreement, dated June 13, 2005, by and among Radio One Inc., Wachovia Bank and the other lenders party thereto (incorporated by reference to Radio One's Current Report on Form 8-K filed June 17, 2005).

- 10.6 Guarantee and Collateral Agreement, dated June 13, 2005, made by Radio One, Inc. and its Restricted Subsidiaries in favor of Wachovia Bank (incorporated by reference to Radio One's Current Report on Form 8-K filed June 17, 2005).
- 10.7 Radio One, Inc. 2009 Stock Option and Restricted Stock Grant Plan (incorporated by reference to Radio One's Definitive Proxy on Schedule 14A filed November 6, 2009).
- 10.8 First Amendment to Credit Agreement dated as of April 26, 2006, to Credit Agreement dated June 13, 2005, by and among Radio One, Inc., Wachovia Bank and the other lenders party thereto (incorporated by reference to Radio One's Current Report on Form 8-K filed April 28, 2006).
- 10.9 Waiver to Credit Agreement dated July 12, 2007, by and among Radio One, Inc., the several Lenders thereto, and Wachovia Bank National Association, as Administrative Agent (incorporated by reference to Radio One's Quarterly Report on Form 10-Q for the period ended June 30, 2007).
- 10.10 Employment Agreement between Radio One, Inc. and Barry A. Mayo dated as of August 31, 2009 and effective as of August 5, 2009 (incorporated by reference to Radio One's Current Report on Form 8-K filed September 2, 2009).
- 10.11 Second Amendment to Credit Agreement and Waiver dated as of September 14, 2007, by and among Radio One, Inc., the several Lenders thereto, and Wachovia Bank National Association, as Administrative Agent (incorporated by reference to Radio One's Current Report on Form 8-K filed September 18, 2007).
- 10.12 Waiver and Consent to Credit Agreement dated May 14, 2007, by and among Radio One, Inc., the several Lenders thereto, and Wachovia Bank National Association, as Administrative Agent (incorporated by reference to Radio One's Current Report on Form 8-K filed May 18, 2007).
- 10.13 Consent to Credit Agreement dated March 30, 2007, by and among Radio One, Inc., the several Lenders thereto, and Wachovia Bank National Association, as Administrative Agent (incorporated by reference to Radio One's Current Report on Form 8-K filed April 5, 2007).
- 10.14 Employment Agreement between Radio One, Inc. and Peter D. Thompson dated March 3, 2011 (incorporated by reference to Radio One's Current Report on Form 8-K filed March 9, 2011).
- 10.16 Employment Agreement between Radio One, Inc. and Alfred C. Liggins, III dated April 16, 2008 (incorporated by reference to Radio One's Current Report on Form 8-K filed April 18, 2008).
- 10.17 Employment Agreement between Radio One, Inc. and Catherine L. Hughes dated April 16, 2008 (incorporated by reference to Radio One's Current Report on Form 8-K filed April 18, 2008).
- 10.18 Third Amendment to Credit Agreement and Waiver to Credit Agreement by and among Radio One, Inc., Wells Fargo Bank, N.A. (formerly known as Wachovia Bank, National Association), as Administrative Agent and the Lenders, dated as of March 30, 2010 (incorporated by reference to Radio One's Annual Report on Form 10-K for the period ended December 31, 2009).
- 10.19 Agreement, dated June 16, 2010, by and among Radio One, Inc. and certain holders of its outstanding debt securities (incorporated by reference to Radio One's Current Report on Form 8-K filed June 16, 2010).
- 10.20 Commitment Letter, exhibits and annexes thereto, dated as of June 16, 2010, by and among Radio One, Inc., Deutsche Bank Trust Company Americas and Deutsche Bank Securities Inc. (incorporated by reference to Radio One's Current Report on Form 8-K filed June 16, 2010).
- 10.21 Forbearance Agreement, dated as of July 15, 2010, by and among the Radio One, Inc., Wells Fargo Bank, N.A. and certain of Radio One's lenders (incorporated by reference to Radio One's Current Report on Form 8-K filed July 16, 2010).
- 10.22 Amendment to Forbearance Agreement, by and among Radio One, Inc., Wells Fargo Bank, N.A. and certain of Radio One Inc.'s lenders (incorporated by reference to Radio One's Current Report on Form 8-K filed August 17, 2010).
- 10.23 Support Agreement, dated November 5, 2010, by and among Radio One, Inc. and certain holders of its outstanding debt securities (incorporated by reference to Radio One's Current Report on Form 8-K filed November 8, 2010).
- 10.24 Agreement, dated November 12, 2010, by and among the Company and certain holders of its outstanding debt securities (incorporated by reference to Radio One's Current Report on Form 8-K filed November 18, 2010).
- 10.25 Amendment and Restatement Agreement, dated as of November 24, 2010, to the Credit Agreement, dated as of June 13, 2005, by and among Radio One, Inc. as Borrower, Wells Fargo Bank, N.A., successor-by-merger to Wachovia Bank, National Association, as Administrative Agent, the lenders referred to therein and the other parties from time to time party thereto (incorporated by reference to Radio One Inc.'s Current Report on Form 8-K filed on December 1, 2010).
- 21.1 Subsidiaries of Radio One, Inc.\*
- 23.1 Consent of Ernst & Young LLP.\*
- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.\*
- 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.\*
- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

\* Filed as part of this Annual Report

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on March 16, 2011.

RADIO ONE, INC.

By: /s/ Peter D. Thompson

Name: Peter D. Thompson

Title: *Executive Vice President, Chief Financial Officer and Principal Accounting Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant in the capacities indicated on March 16, 2011.

By: /s/ Catherine L. Hughes

Name: Catherine L. Hughes

Title: *Chairperson, Director and Secretary*

By: /s/ Alfred C. Liggins, III

Name: Alfred C. Liggins, III

Title: *Chief Executive Officer, President and Director*

By: /s/ Terry L. Jones

Name: Terry L. Jones

Title: *Director*

By: /s/ Brian W. McNeill

Name: Brian W. McNeill

Title: *Director*

By: /s/ B. Doyle Mitchell, Jr.

Name: B. Doyle Mitchell, Jr.

Title: *Director*

By: /s/ D. Geoffrey Armstrong

Name: D. Geoffrey Armstrong

Title: *Director*

By: /s/ Ronald E. Blaylock

Name: Ronald E. Blaylock

Title: *Director*



## **Report of Independent Registered Public Accounting Firm**

The Board of Directors and Stockholders of Radio One, Inc.:

We have audited the accompanying consolidated balance sheets of Radio One, Inc. and subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2010. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Radio One, Inc. and subsidiaries at December 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2010, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

Baltimore, Maryland  
March 16, 2011

**RADIO ONE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	<b>As of December 31,</b>	
	<b>2010</b>	<b>2009</b>
	(In thousands, except share data)	
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 9,192	\$ 19,963
Trade accounts receivable, net of allowance for doubtful accounts of \$3,023 and \$2,651, respectively	58,511	47,019
Prepaid expenses	6,809	3,388
Other current assets	1,572	1,562
Current assets from discontinued operations	67	424
Total current assets	76,151	72,356
<b>PROPERTY AND EQUIPMENT, net</b>	33,460	40,585
<b>GOODWILL</b>	121,414	137,517
<b>RADIO BROADCASTING LICENSES</b>	678,697	698,645
<b>OTHER INTANGIBLE ASSETS, net</b>	40,036	35,059
<b>INVESTMENT IN AFFILIATED COMPANY</b>	47,470	48,452
<b>OTHER ASSETS</b>	1,981	2,854
<b>NON-CURRENT ASSETS FROM DISCONTINUED OPERATIONS</b>	3	74
Total assets	\$ 999,212	\$ 1,035,542
<b>LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 3,011	\$ 4,160
Accrued interest	4,558	9,499
Accrued compensation and related benefits	10,720	10,249
Income taxes payable	1,671	1,533
Other current liabilities	11,725	7,236
Current portion of long-term debt	18,402	652,534
Current liabilities from discontinued operations	12	2,949
Total current liabilities	50,099	688,160
<b>LONG-TERM DEBT, net of current portion</b>	623,820	1,000
<b>OTHER LONG-TERM LIABILITIES</b>	10,931	10,185
<b>DEFERRED TAX LIABILITIES</b>	89,392	88,144
Total liabilities	774,242	787,489
<b>REDEEMABLE NONCONTROLLING INTERESTS</b>	30,635	52,225
<b>STOCKHOLDERS' EQUITY:</b>		
Convertible preferred stock, \$.001 par value; 1,000,000 shares authorized; no shares outstanding at December 31, 2010 and 2009, respectively	—	—
Common stock — Class A, \$.001 par value, 30,000,000 shares authorized; 2,863,912 and 2,981,841 shares issued and outstanding at December 31, 2010 and 2009, respectively	3	3
Common stock — Class B, \$.001 par value, 150,000,000 shares authorized; 2,861,843 shares issued and outstanding at December 31, 2010 and 2009, respectively	3	3
Common stock — Class C, \$.001 par value, 150,000,000 shares authorized; 3,121,048 shares issued and outstanding at December 31, 2010 and 2009, respectively	3	3
Common stock — Class D, \$.001 par value, 150,000,000 shares authorized; 45,541,082 and 42,280,153 shares issued and outstanding as of December 31, 2010 and 2009, respectively	45	42
Accumulated other comprehensive loss	(1,424)	(2,086)
Additional paid-in capital	994,750	968,275
Accumulated deficit	(799,045)	(770,412)
Total stockholders' equity	194,335	195,828
Total liabilities, redeemable noncontrolling interests and stockholders' equity	\$ 999,212	\$ 1,035,542

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

**RADIO ONE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>For the Years Ended December 31,</b>		
	<b>2010</b>	<b>2009</b>	<b>2008</b>
	(In thousands, except share data)		
NET REVENUE	\$ 279,906	\$ 272,092	\$ 313,443
OPERATING EXPENSES:			
Programming and technical, including stock-based compensation of \$0, \$88 and \$187, respectively	75,044	75,635	79,304
Selling, general and administrative, including stock-based compensation of \$994, \$321 and \$513, respectively	103,324	91,016	103,108
Corporate selling, general and administrative, including stock-based compensation of \$4,805, \$1,240 and \$1,077, respectively	32,922	24,732	36,356
Depreciation and amortization	17,439	21,011	19,022
Impairment of long-lived assets	36,063	65,937	423,220
Total operating expenses	264,792	278,331	661,010
Operating income (loss)	15,114	(6,239)	(347,567)
INTEREST INCOME	127	144	491
INTEREST EXPENSE	46,834	38,404	59,689
GAIN ON RETIREMENT OF DEBT	6,646	1,221	74,017
EQUITY IN INCOME (LOSS) OF AFFILIATED COMPANY	5,558	3,653	(3,652)
OTHER EXPENSE, net	3,061	104	316
Loss before provision for (benefit from) income taxes, noncontrolling interests in income of subsidiaries and loss from discontinued operations, net of tax	(22,450)	(39,729)	(336,716)
PROVISION FOR (BENEFIT FROM) INCOME TAXES	3,971	7,014	(45,183)
Net loss from continuing operations	(26,421)	(46,743)	(291,533)
LOSS FROM DISCONTINUED OPERATIONS, net of tax	(204)	(1,815)	(7,414)
NET LOSS	(26,625)	(48,558)	(298,947)
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	2,008	4,329	3,997
NET LOSS ATTRIBUTABLE TO RADIO ONE, INC.	\$ (28,633)	\$ (52,887)	\$ (302,944)
<b>BASIC AND DILUTED NET LOSS ATTRIBUTABLE TO RADIO ONE, INC.:</b>			
Continuing operations	\$ (0.55)*	\$ (0.86)	\$ (3.14)
Discontinued operations	(0.00)*	(0.03)	(0.08)
Net loss attributable to Radio One, Inc.	\$ (0.56)*	\$ (0.89)	\$ (3.22)
<b>WEIGHTED AVERAGE SHARES OUTSTANDING:</b>			
Basic	51,509,239	59,465,252	94,118,699
Diluted	51,509,239	59,465,252	94,118,699

\* Earnings per share amounts may not add due to rounding.

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

**RADIO ONE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**For The Years Ended December 31, 2008, 2009 and 2010**

**Radio One, Inc. Stockholders**

	<b>Convertible Preferred Stock</b>	<b>Common Stock Class A</b>	<b>Common Stock Class B</b>	<b>Common Stock Class C</b>	<b>Common Stock Class D</b>	<b>Comprehensive Loss</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Stock Subscriptions Receivable</b>	<b>Additional Paid-In Capital</b>	<b>Accumulated Deficit</b>	<b>Total Stockholders' Equity</b>
In thousands, except share data											
BALANCE, as of December 31, 2007	-	4	3	3	89		644	(1,717)	989,425	(414,581)	573,870
Comprehensive income:											
Net loss	-	-	-	-	-	\$ (302,944)	-	-	-	(302,944)	(302,944)
Change in unrealized net loss on derivative and hedging activities, net of taxes	-	-	-	-	-	(3,625)	(3,625)	-	-	-	(3,625)
Comprehensive loss						<u>\$ (306,569)</u>					
Repurchase of 421,661 shares of Class A common stock and 20,029,538 shares of Class D common stock	-	-	-	-	(20)		-	-	(12,084)	-	(12,104)
Conversion of 882,987 shares of Class A common stock to 882,987 shares of Class D common stock	-	(1)	-	-	1		-	-	-	-	-
Vesting of non- employee restricted stock	-	-	-	-	-		-	-	89	-	89
Interest income on stock subscriptions receivable	-	-	-	-	-		-	(20)	-	-	(20)
Repayment of officer's loan	-	-	-	-	-		-	1,737	-	-	1,737
Stock-based compensation expense	-	-	-	-	-		-	-	1,643	-	1,643
Adjustment of redeemable noncontrolling interests to estimated redemption value									13,406	-	13,406
BALANCE, as of December 31, 2008	-	3	3	3	70		(2,981)	-	992,479	(717,525)	272,052
Comprehensive loss:											
Net loss	-	-	-	-	-	\$ (52,887)	-	-	-	(52,887)	(52,887)
Change in unrealized gain on derivative and hedging activities, net of taxes	-	-	-	-	-	895	895	-	-	-	895
Comprehensive loss						<u>\$ (51,992)</u>					
Repurchase of 34,889 shares of Class A common stock and 27,691,398 shares of Class D common stock	-	-	-	-	(28)		-	-	(19,670)	-	(19,698)
Vesting of non- employee restricted stock	-	-	-	-	-		-	-	554	-	554
Reach Media stock return from noncontrolling shareholder	-	-	-	-	-		-	-	(1,388)	-	(1,388)
Stock-based compensation expense	-	-	-	-	-		-	-	1,095	-	1,095
Accretion of redeemable noncontrolling interests to estimated redemption value									(4,795)	-	(4,795)
BALANCE, as of December 31, 2009	\$ -	\$ 3	\$ 3	\$ 3	\$ 42		\$ (2,086)	\$ -	\$ 968,275	\$ (770,412)	\$ 195,828
Comprehensive loss:											
Net loss	-	-	-	-	-	\$ (28,633)	-	-	-	(28,633)	(28,633)
Change in unrealized gain on derivative and hedging activities, net of taxes	-	-	-	-	-	662	662	-	-	-	662
Comprehensive loss						<u>\$ (27,971)</u>					

Stock-based compensation expense	-	-	-	-	3	-	-	5,796	-	5,799
Adjustment of redeemable noncontrolling interests to estimated redemption value								20,679	-	20,679
BALANCE, as of December 31, 2010	\$ -	\$ 3	\$ 3	\$ 3	\$ 45	\$ (1,424)	\$ -	\$ 994,750	\$ (799,045)	\$ 194,335

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

**RADIO ONE, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>For the Years Ended December 31,</b>		
	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>(In thousands)</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net loss	(26,625)	(48,558)	(298,947)
Adjustments to reconcile consolidated net loss to net cash from operating activities:			
Depreciation and amortization	17,439	21,011	19,022
Amortization of debt financing costs	2,970	2,419	2,591
Write off of debt financing costs	3,055	—	—
Deferred income taxes	1,311	1,996	(49,687)
Impairment of long-lived assets	36,063	65,937	423,220
Equity in (income) loss of affiliated company	(5,558)	(3,653)	3,652
Stock-based and other non-cash compensation	5,799	1,649	1,732
Gain on retirement of debt	(6,646)	(1,221)	(74,017)
Amortization of contract inducement and termination fee	—	(1,263)	(1,895)
Change in interest due on stock subscriptions receivable	—	—	(20)
Effect of change in operating assets and liabilities, net of assets acquired and disposed of:			
Trade accounts receivable	(11,491)	2,389	(1,800)
Prepaid expenses and other current assets	(3,431)	353	(571)
Other assets	7,123	4,829	(966)
Accounts payable	(1,150)	837	(266)
Accrued interest	(4,941)	(584)	(8,921)
Accrued compensation and related benefits	473	(148)	(5,439)
Income taxes payable	138	1,503	(4,433)
Other liabilities	3,397	(2,743)	4,899
Net cash flows (used in) provided by operating activities from discontinued operations	(90)	690	5,678
Net cash flows provided by operating activities	<u>17,836</u>	<u>45,443</u>	<u>13,832</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of property and equipment	(4,322)	(4,528)	(12,541)
Cash paid for acquisitions	—	—	(70,455)
Deposits for station equipment and purchases of other assets	—	—	(215)
Proceeds from sale of assets	—	—	150,224
Purchase of intangible assets	(342)	(343)	(816)
Net cash flows used in investing activities from discontinued operations	—	—	(166)
Net cash flows (used in) provided by investing activities	<u>(4,664)</u>	<u>(4,871)</u>	<u>66,031</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from credit facility	342,000	116,500	227,000
Proceeds from issuance of senior subordinated notes	286,794	—	—
Repayment of senior subordinated notes	(290,800)	(1,220)	(120,787)
Payment of dividend to noncontrolling interest shareholders of Reach Media	(2,844)	—	(6,364)
Repayment of credit facility	(339,343)	(136,670)	(170,299)
Repayment of other debt	—	(153)	(1,004)
Repayment of stock subscriptions receivable	—	—	1,737
Debt refinancing and modification costs	(19,750)	(1,658)	—
Repurchase of common stock	—	(19,697)	(12,104)
Net cash flows used in financing activities	<u>(23,943)</u>	<u>(42,898)</u>	<u>(81,821)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(10,771)	(2,326)	(1,958)
CASH AND CASH EQUIVALENTS, beginning of year	19,963	22,289	24,247
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 9,192</u>	<u>\$ 19,963</u>	<u>\$ 22,289</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>			
Cash paid for:			
Interest	<u>\$ 48,805</u>	<u>\$ 36,568</u>	<u>\$ 68,611</u>
Income taxes	<u>\$ 2,560</u>	<u>\$ 3,639</u>	<u>\$ 7,907</u>

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

## RADIO ONE, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS December 31, 2010, 2009 and 2008

#### 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

##### (a) Organization

Radio One, Inc. (a Delaware corporation referred to as “Radio One”) and its subsidiaries (collectively, the “Company”) is an urban-oriented, multi-media company that primarily targets African-American consumers. Our core business is our radio broadcasting franchise that is the largest radio broadcasting operation that primarily targets African-American and urban listeners. We currently own 53 broadcast stations located in 16 urban markets in the United States. While our primary source of revenue is the sale of local and national advertising for broadcast on our radio stations, our operating strategy is to operate the premier multi-media entertainment and information content provider targeting African-American consumers. Thus, we have diversified our revenue streams by making acquisitions and investments in other complementary media properties. Our other media interests include our approximately 37% ownership interest (as of December 31, 2010) in TV One, LLC (“TV One”), an African-American targeted cable television network that we invested in with an affiliate of Comcast Corporation and other investors; our 53.5% ownership interest in Reach Media, Inc. (“Reach Media”), which operates the Tom Joyner Morning Show; our ownership of Interactive One, LLC (“Interactive One”), an online platform serving the African-American community through social content, news, information, and entertainment, which operates a number of branded sites, including News One, UrbanDaily and HelloBeautiful; and our ownership of Community Connect, LLC (formerly Community Connect Inc.) (“CCI”), an online social networking company, which operates a number of branded websites, including BlackPlanet, MiGente and Asian Avenue. CCI is included within the operations of Interactive One. Through our national multi-media presence, we provide advertisers with a unique and powerful delivery mechanism to the African-American and urban audience.

In December 2009, the Company ceased publication of our urban-themed lifestyle periodical Giant Magazine. The remaining assets and liabilities of this publication have been classified as discontinued operations as of December 31, 2010 and 2009, and the publication’s results of operations for the years ended December 31, 2010, 2009 and 2008, have been classified as discontinued operations in the accompanying consolidated financial statements.

During the period December 2006 to May 2008, we completed the sale of 20 non-core radio stations for approximately \$287.9 million. While we maintained our core radio franchise, these dispositions have allowed the Company to more strategically allocate its resources consistent with its long-term multi-media operating strategy.

As part of our consolidated financial statements, consistent with our financial reporting structure and how the Company currently manages its businesses, we have provided selected financial information on the Company’s two reportable segments: (i) Radio Broadcasting and (ii) Internet. (See Note 17 – *Segment Information*.)

##### (b) Basis of Presentation

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States and require management to make certain estimates and assumptions. These estimates and assumptions may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements. The Company bases these estimates on historical experience, current economic environment or various other assumptions that are believed to be reasonable under the circumstances. However, uncertainties associated with the continuing economic downturn and disruption in financial markets increase the possibility that actual results may differ from these estimates.

##### (c) Principles of Consolidation

The consolidated financial statements include the accounts of Radio One and subsidiaries in which Radio One has a controlling interest. In February 2005, the Company acquired a controlling interest in Reach Media and began consolidating Reach Media for financial reporting purposes. All significant intercompany accounts and transactions have been eliminated in consolidation. Noncontrolling interests have been recognized where a controlling interest exists, but the Company owns less than 100% of the controlled entity. The equity method of accounting is used for investments in affiliates over which Radio One has significant influence (ownership between 20% and 50%), but does not control the affiliate. Investments in affiliates in which Radio One cannot exercise significant influence (ownership interest less than 20%) are accounted for using the cost method.

The Company accounts for its investment in TV One under the equity method of accounting in accordance with Accounting Standards Codification (“ASC”) 323, “*Investments – Equity Method and Joint Ventures*.” The Company has recorded its investment at cost and has adjusted the carrying amount of the investment to recognize the change in Radio One’s claim on the net assets of TV One resulting from income or losses of TV One, as well as other capital transactions of TV One using a hypothetical liquidation at book value approach. The Company will review the realizability of the investment if conditions are present or events occur to suggest that an impairment of the investment may exist. (See Note 6 — *Investment in Affiliated Company*.)

**(d) Cash and Cash Equivalents**

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

**(e) Trade Accounts Receivable**

Trade accounts receivable is recorded at the invoiced amount. The allowance for doubtful accounts is the Company's estimate of the amount of probable losses in the Company's existing accounts receivable. The Company determines the allowance based on the aging of the receivables, the impact of economic conditions on the advertisers' ability to pay and other factors. Inactive delinquent accounts that are past due beyond a certain amount of days are written off and often pursued by other collection efforts. Bankruptcy accounts are immediately written off upon receipt of the bankruptcy notice from the courts. In bankruptcy instances, we file a proof of claim with the courts in order to receive any later distribution of funds that may be forthcoming.

**(f) Goodwill and Radio Broadcasting Licenses**

In connection with past acquisitions, a significant amount of the purchase price was allocated to radio broadcasting licenses, goodwill and other intangible assets. Goodwill consists of the excess of the purchase price over the fair value of tangible and identifiable intangible net assets acquired. In accordance with ASC 350, "Intangibles - Goodwill and Other," goodwill and radio broadcasting licenses are not amortized, but are tested annually for impairment at the reporting unit level and unit of accounting level, respectively. We test for impairment annually, on October 1 of each year, or more frequently when events or changes in circumstances or other conditions suggest impairment may have occurred. Impairment exists when the asset carrying values exceed their respective fair values, and the excess is then recorded to operations as an impairment charge. With the assistance of a third-party valuation firm, we test for license impairment at the unit of accounting level using the income approach, which involves, but is not limited to, judgmental estimates and assumptions about projected revenue growth, future operating margins, discount rates and terminal values. In testing for goodwill impairment, we follow a two-step approach, also relying primarily on the income approach that first estimates the fair value of the reporting unit. If the carrying value of the reporting unit exceeds its fair value, we then determine the implied goodwill after allocating the reporting unit's fair value of assets and liabilities in accordance with ASC 805-10, "Business Combinations." Any excess of carrying value of the reporting unit's goodwill balance over its respective implied goodwill is written off as a charge to operations. We then perform a market-based reasonableness test by comparing the average implied multiple arrived at based on our cash flow projections and estimated fair values to multiples for actual recently completed sale transactions and by comparing our estimated fair values to the market capitalization of the Company.

For the three years ended December 31, 2010, 2009 and 2008, the Company recorded broadcasting license and goodwill impairment charges of approximately \$36.1 million, \$65.6 million, \$420.2 million, respectively. See Note 5 — *Goodwill, Radio Broadcasting Licenses and Other Intangible Assets* for a further discussion of impairment considerations for the financial statement periods presented.

**(g) Impairment of Long-Lived Assets, Excluding Goodwill and Radio Broadcasting Licenses**

The Company accounts for the impairment of long-lived intangible assets, excluding goodwill and radio broadcasting licenses, in accordance with ASC 360, "Property, Plant and Equipment." Long-lived intangible assets, excluding goodwill and radio broadcasting licenses, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be fully recoverable. These events or changes in circumstances may include a significant deterioration in operating results, changes in business plans, or changes in anticipated future cash flows. If an impairment indicator is present, the Company evaluates recoverability by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. Assets are grouped at the lowest levels for which there are identifiable cash flows that are largely independent of the cash flows generated by other asset groups. If the assets are impaired, the impairment recognized is measured by the amount by which the carrying amount exceeds the fair value of the assets. Fair value is generally determined by estimates of discounted future cash flows. The discount rate used in any estimate of discounted cash flows would be the rate of return for a similar investment of like risk. During 2010, impairment indicators existed for Reach and Philadelphia, and as a result, we performed impairment testing for asset groups within these reporting units. The Company reviewed other intangibles during 2010 and concluded that no impairment to the carrying value of the other intangibles was appropriate. For the years ended December 31, 2009 and 2008, \$297,000 and approximately \$3.2 million were recorded, respectively, for impairment of intangible assets other than goodwill and FCC licenses.

**(h) Financial Instruments**

Financial instruments as of December 31, 2010 and 2009 consisted of cash and cash equivalents, trade accounts receivable, accounts payable, accrued expenses, note payable, long-term debt and redeemable noncontrolling interests. The carrying amounts approximated fair value for each of these financial instruments as of December 31, 2010 and 2009, except for the Company's outstanding senior subordinated notes. The 8<sup>7</sup>/<sub>8</sub>% Senior Subordinated Notes due July 2011 had a carrying value of \$101.5 million and a fair value of approximately \$78.2 million as of December 31, 2009. The 6<sup>3</sup>/<sub>8</sub>% Senior Subordinated Notes due February 2013 had a carrying value of \$747,000 and a fair value of approximately \$672,000 as of December 31, 2010 and a carrying value of \$200.0 million and a fair value of approximately \$142.0 million as of December 31, 2009. The 12<sup>1</sup>/<sub>2</sub>%/15% Senior Subordinated Notes due May 2016 had a carrying value of \$286.8 million and a fair value of approximately \$278.2 million as of December 31, 2010. The fair values were determined based on the trading values of these instruments as of the reporting date.



**(i) Derivative Financial Instruments**

The Company recognizes all derivatives at fair value in the balance sheet as either an asset or liability. The accounting for changes in the fair value of a derivative, including certain derivative instruments embedded in other contracts, depends on the intended use of the derivative and the resulting designation. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and the hedged item are recognized in the statement of operations. If the derivative is designated as a cash flow hedge, changes in the fair value of the derivative are recorded in other comprehensive income and are recognized in the statement of operations when the hedged item affects net income. If a derivative does not qualify as a hedge, it is marked to fair value through the statement of operations. (See Note 8 – *Derivative Instruments and Hedging Activities*.)

**(j) Revenue Recognition**

The Company recognizes revenue for broadcast advertising when a commercial is broadcast and is reported, net of agency and outside sales representative commissions, in accordance with ASC 605, “*Revenue Recognition*.” Agency and outside sales representative commissions are calculated based on a stated percentage applied to gross billing. Generally, clients remit the gross billing amount to the agency or outside sales representative, and the agency or outside sales representative remits the gross billing, less their commission, to the Company. Agency and outside sales representative commissions were approximately \$32.0 million, \$28.4 million and \$34.6 million for the years ended December 31, 2010, 2009 and 2008, respectively.

Interactive One currently generates the majority of the Company’s internet revenue, and derives such revenue principally from advertising services, including advertising aimed at diversity recruiting. Advertising services include the sale of banner and sponsorship advertisements. Advertising revenue is recognized either as impressions (the number of times advertisements appear in viewed pages) are delivered, when “click through” purchases or leads are reported, or ratably over the contract period, where applicable. Interactive One has a diversity recruiting relationship with Monster, Inc. (“Monster”). Monster posts job listings and advertising on Interactive One’s websites and Interactive One earns revenue for displaying the images on its websites.

**(k) Barter Transactions**

The Company provides broadcast advertising time in exchange for programming content and certain services and accounts for these exchanges in accordance with ASC 605, “*Revenue Recognition*.” The terms of these exchanges generally permit the Company to preempt such broadcast time in favor of advertisers who purchase time in exchange for cash. The Company includes the value of such exchanges in both broadcasting net revenue and station operating expenses. The valuation of barter time is based upon the fair value of the network advertising time provided for the programming content and services received. For the years ended December 31, 2010, 2009 and 2008, barter transaction revenues were approximately \$3.2 million, \$3.2 million and \$2.6 million, respectively. Additionally, barter transaction costs were reflected in programming and technical expenses and selling, general and administrative expenses of approximately \$2.9 million, \$3.0 million and \$2.5 million, and \$244,000, \$166,000 and \$166,000, for the years ended December 31, 2010, 2009 and 2008, respectively.

**(l) Network Affiliation Agreements**

The Company has network affiliation agreements classified as Other Intangible Assets. These agreements are amortized over their useful lives. Losses on contract terminations are determined based on the specifics of each contract in accordance with ASC 920-350, “*Entertainment Broadcasters*.” (See Note 5 — *Goodwill, Radio Broadcasting Licenses and Other Intangible Assets*.)

**(m) Advertising and Promotions**

The Company expenses advertising and promotional costs as incurred. Total advertising and promotional expenses, including expenses related to discontinued operations, were approximately \$5.2 million, \$4.9 million and \$6.4 million for the years ended December 31, 2010, 2009 and 2008, respectively. Total advertising and promotional expenses for continuing operations, for the years ended December 31, 2010, 2009 and 2008, were approximately \$5.2 million, \$4.8 million and \$6.2 million, respectively.

**(n) Income Taxes**

The Company accounts for income taxes in accordance with ASC 740, “*Income Taxes*.” Under ASC 740, deferred tax assets or liabilities are computed based upon the difference between financial statement and income tax bases of assets and liabilities using the enacted marginal tax rate. The Company has provided a valuation allowance on its net deferred tax assets where it is more likely than not such assets will not be realized. The Company maintains certain deferred tax liabilities that cannot be used to offset deferred tax assets and, therefore, does not consider these attributes in evaluating the realizability of its deferred tax assets. This has occurred for all entities except for Reach Media. Deferred income tax expense or benefits are based upon the changes in the asset or liability from period to period.

**(o) Stock-Based Compensation**

The Company accounts for stock-based compensation in accordance with ASC 718, “*Compensation - Stock Compensation.*” Under the provisions of ASC 718, stock-based compensation cost is estimated at the grant date based on the award’s fair value as calculated by the Black-Scholes (“BSM”) valuation option-pricing model and is recognized as expense ratably over the requisite service period. The BSM incorporates various highly subjective assumptions including expected stock price volatility, for which historical data is heavily relied upon, expected life of options granted, forfeiture rates and interest rates. (See Note 11 – *Stockholders’ Equity.*)

**(p) Comprehensive Loss**

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

The following table sets forth the components of comprehensive loss:

	<b>For the Years Ended December 31,</b>		
	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>(In thousands)</b>		
Consolidated net loss	\$ (26,625)	\$ (48,558)	\$ (298,947)
Other comprehensive income (loss) (net of tax of \$0 for all periods):			
Derivative and hedging activities	662	895	(3,625)
Comprehensive loss	(25,963)	(47,663)	(302,572)
Comprehensive income attributable to noncontrolling interests	2,008	4,329	3,997
Comprehensive loss attributable to Radio One, Inc.	<u>\$ (27,971)</u>	<u>\$ (51,992)</u>	<u>\$ (306,569)</u>

**(q) Segment Reporting and Major Customers**

In accordance with ASC 280, “*Segment Reporting.*” and given its diversification strategy, the Company has determined it has two reportable segments: (i) Radio Broadcasting; and (ii) Internet. These two segments operate in the United States and are consistently aligned with the Company’s management of its businesses and its financial reporting structure.

The Radio Broadcasting segment consists of all broadcast and Reach Media results of operations. The Internet segment includes the results of our online business. Intercompany revenue earned and expenses charged between segments are recorded at fair value and eliminated in consolidation.

We derived a significant portion of our net revenue during 2009 and in prior years from a single customer, Radio Networks, a media representation firm which is owned by Citadel. During those years, Reach Media derived a substantial majority of its net revenue from a sales representation agreement (the “Sales Representation Agreement”) with Radio Networks. The Sales Representation Agreement called for Radio Networks to act as Reach Media’s sales representative primarily for advertising airing on 106 affiliate radio stations broadcasting the Tom Joyner Morning Show, and to also serve as its sales representative for internet and events sales. The Sales Representation Agreement provided for Radio Networks to retain a portion of Reach Media’s advertising revenues only after satisfying certain revenue guarantee obligations to Reach Media. Further, but to a lesser extent, in accordance with ASC 605, “*Revenue Recognition.*” revenue for Company owned radio stations is also generated from Radio Networks for barter agreements whereby the Company provides advertising time in exchange for programming content (the “RN Barter Revenue”). As a result of our 53.5% ownership of Reach Media, we consolidate net revenue derived by Reach Media from the Sales Representation Agreement into our financial statements. For the years ended December 31, 2009 and 2008, net revenue attributable to the Sales Representation Agreement and the RN Barter Revenue accounted for 11.9% and 10.6%, respectively, of our total consolidated net revenues. No single customer accounted for over 10% of our consolidated net revenues during the year ended December 31, 2010.

A new Sales Representation Agreement was executed in November 2009 to replace the old agreement, whereby, effective January 1, 2010, Citadel will only sell advertising inventory outside the Tom Joyner Morning Show. As an inducement for Reach Media to enter into the new Sales Representation Agreement, Citadel returned its noncontrolling ownership interest in Reach Media back to Reach Media. This ownership interest was part of the original agreement signed in 2003. As a result of classifying these shares as treasury stock, this transaction effectively increased Radio One’s common stock interest in Reach Media to 53.5%. In exchange for the returned ownership interest, Reach Media issued a \$1.0 million promissory note payable to Radio Networks due in December 2011.

**(r) Net Loss Per Share**

Basic earnings per share is computed on the basis of the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed on the basis of the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method.

The Company's potentially dilutive securities include stock options and unvested restricted stock. Diluted earnings per share considers the impact of potentially dilutive securities except in periods in which there is a net loss, as the inclusion of the potentially dilutive common shares would have an anti-dilutive effect.

**(s) Discontinued Operations**

For those businesses where management has committed to a plan to divest or discontinue operations, each business is valued at the lower of its carrying amount or estimated fair value less cost to sell. If the carrying amount of the business exceeds its estimated fair value, a loss is recognized. The fair values are estimated using accepted valuation techniques such as a discounted cash flow model, valuations performed by third parties, earnings multiples, or indicative bids, when available. A number of significant estimates and assumptions are involved in the application of these techniques, including the forecasting of markets and market share, revenues, costs and expenses, and multiple other factors. Management considers historical experience and all available information at the time the estimates are made. However, the fair values that are ultimately realized upon the sale of the businesses to be divested may differ from the estimated fair values reflected in the consolidated financial statements.

Businesses to be divested or operationally cease are classified in the consolidated financial statements as discontinued operations. For businesses classified as discontinued operations, the balance sheet amounts and statement of operations results are reclassified from their historical presentation to assets and liabilities of discontinued operations on the consolidated balance sheet and to discontinued operations in the consolidated statement of operations for all periods presented. The gains or losses associated with these divested or ceased businesses are recorded in income or loss from discontinued operations on the consolidated statement of operations. The consolidated statement of cash flows is also reclassified for discontinued operations for all periods presented. For businesses reclassified as discontinued, other than the collection of outstanding accounts receivable, management does not expect any continuing involvement with these businesses.

**(t) Fair Value Measurements**

We report our financial and non-financial assets and liabilities measured at fair value on a recurring basis under the provisions of ASC 820, "Fair Value Measurements and Disclosures." ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Effective January 1, 2009, we adopted the provisions of ASC 820 for all non-financial instruments accounted for at fair value on a non-recurring basis. The adoption of ASC 820 for non-financial assets and liabilities did not have a significant impact on our financial condition or results of operations.

The fair value framework requires the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment. The three levels are defined as follows:

*Level 1:* Inputs are unadjusted quoted prices in active markets for identical assets and liabilities that can be accessed at the measurement date.

*Level 2:* Observable inputs other than those included in Level 1 (i.e., quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets).

*Level 3:* Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

As of December 31, 2010 and 2009, the fair values of our financial liabilities measured at fair value on a recurring basis are categorized as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	(In thousands)			
<b>As of December 31, 2010</b>				
Liabilities subject to fair value measurement:				
Interest rate swaps (a)	\$ 1,426	\$ —	\$ 1,426	\$ —
Employment agreement award (b)	6,824	—	—	6,824
<b>Total</b>	<b>\$ 8,250</b>	<b>\$ —</b>	<b>\$ 1,426</b>	<b>\$ 6,824</b>
Mezzanine equity subject to fair value measurement:				
Redeemable noncontrolling interests (c)	\$ 30,635	\$ —	\$ —	\$ 30,635
<b>As of December 31, 2009</b>				
Liabilities subject to fair value measurement:				
Interest rate swaps (a)	\$ 2,086	\$ —	\$ 2,086	\$ —
Employment agreement award (b)	4,657	—	—	4,657
<b>Total</b>	<b>\$ 6,743</b>	<b>\$ —</b>	<b>\$ 2,086</b>	<b>\$ 4,657</b>
Mezzanine equity subject to fair value measurement:				
Redeemable noncontrolling interests (c)	\$ 52,225	\$ —	\$ —	\$ 52,225

(a) Based on London Interbank Offered Rate (“LIBOR”).

(b) Pursuant to an employment agreement (the “Employment Agreement”) executed in April 2008, the Chief Executive Officer (“CEO”) is eligible to receive an award amount equal to 8% of any proceeds from distributions or other liquidity events in excess of the return of the Company’s aggregate investment in TV One. The Company reviews the factors underlying this award at the end of each quarter including the valuation of TV One and an assessment of the probability that the employment agreement will be renewed and contain this provision. The Company’s obligation to pay the award will be triggered only after the Company’s recovery of the aggregate amount of its capital contribution in TV One and only upon actual receipt of distributions of cash or marketable securities or proceeds from a liquidity event with respect to the Company’s membership interest in TV One. The CEO was fully vested in the award upon execution of the Employment Agreement, and the award lapses upon expiration of the Employment Agreement in April 2011, or earlier if the CEO voluntarily leaves the Company or is terminated for cause. In calculating the fair valuation of the award, the Company utilized the value assessed for TV One in connection with the buyout of financial investors. (See Note 8 – *Derivative Instruments and Hedging Activities* and Note 19 – *Subsequent Events*. The Company is currently in negotiations with the Company’s CEO to renew the Employment Agreement that expires in April 2011.

(c) Redeemable noncontrolling interest in Reach Media is measured at fair value using a discounted cash flow methodology. A third-party valuation firm assisted the Company in calculating the fair value. Significant inputs to the discounted cash flow analysis include forecasted operating results, discount rate and a terminal value.

The following table presents the changes in Level 3 liabilities measured at fair value on a recurring basis for the years ended December 31, 2009 and 2010:

	<u>Employment Agreement Award</u>	<u>Redeemable Noncontrolling Interests</u>
	(In thousands)	
Balance at December 31, 2008	\$ 4,326	\$ 43,423
Losses included in earnings (unrealized)	331	—
Net income attributable to noncontrolling interests	—	4,329
Stock repurchase from noncontrolling shareholder	—	(322)
Change in fair value	—	4,795
Balance at December 31, 2009	\$ 4,657	\$ 52,225
Losses included in earnings (unrealized)	2,167	—
Net income attributable to noncontrolling interests	—	2,008
Dividends paid to noncontrolling interests	—	(2,844)
Change in fair value	—	(20,754)
Balance at December 31, 2010	<b>\$ 6,824</b>	<b>\$ 30,635</b>
The amount of total losses for the period included in earnings attributable to the change in unrealized losses relating to assets and liabilities still held at the reporting date	<b>\$ (2,167)</b>	<b>\$ —</b>

Losses included in earnings were recorded in the consolidated statement of operations as corporate selling, general and administrative expenses for the year ended December 31, 2010.

Certain assets and liabilities are measured at fair value on a non-recurring basis using level 3 inputs as defined in ASC 820. These assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances. Included in this category are goodwill, radio broadcasting licenses and other intangible assets, net, that are written down to fair value when they are determined to be impaired.

As of December 31, 2010, the total recorded carrying values of goodwill and radio broadcasting licenses were approximately \$121.4 million and \$678.7 million, respectively. Pursuant to ASC 350, “*Intangibles – Goodwill and Other*,” and in connection with its annual impairment testing performed in October 2010, the Company determined the carrying value for radio broadcasting licenses in one market was impaired, and recorded an impairment charge of approximately \$19.9 million for the quarter ended December 31, 2010, thus reducing the total license carrying values to approximately \$678.7 million as of December 31, 2010. In addition during the fourth quarter of 2010, the Company determined the carrying value for goodwill in Reach Media was impaired and recorded an impairment charge of approximately \$16.1 million for the quarter ended December 31, 2010, thus reducing the total carrying value of goodwill to approximately \$121.4 million as of December 31, 2010. A description of the Level 3 inputs and the information used to develop the inputs is discussed in Note 5 — *Goodwill, Radio Broadcasting Licenses and Other Intangible Assets*.

**(u) Software and Web Development Costs**

The Company capitalizes direct internal and external costs incurred to develop internal-use computer software during the application development stage pursuant to ASC 350-40, “*Intangibles – Goodwill and Other*.” Internal-use software is amortized under the straight-line method using an estimated life of three years. All web development costs incurred in connection with operating our websites are accounted for under the provisions of ASC 350-40, unless a plan exists or is being developed to market the software externally. The Company has no plans to market software externally.

**(v) Redeemable noncontrolling interests**

Noncontrolling interests in subsidiaries that are redeemable outside of the Company’s control for cash or other assets are classified as mezzanine equity and measured at the greater of estimated redemption value at the end of each reporting period or the historical cost basis of the noncontrolling interests adjusted for cumulative earnings allocations. The resulting increases or decreases in the estimated redemption amount are affected by corresponding charges against retained earnings, or in the absence of retained earnings, additional paid-in-capital.

**(w) Impact of Recently Issued Accounting Pronouncements**

In June 2009, the FASB issued ASC 105, “*Generally Accepted Accounting Principles*,” which establishes the ASC as the source of authoritative non-SEC U.S. generally accepted accounting principles (“GAAP”) for non-governmental entities. ASC 105 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of ASC 105 did not have a material impact on the Company’s consolidated financial statements.

In May 2009, the FASB issued ASC 855, “*Subsequent Events*,” which addresses accounting and disclosure requirements related to subsequent events. It requires management to evaluate subsequent events through the date the financial statements are either issued or available to be issued. In February 2010, the FASB issued ASU 2010-09, which amends ASC 855 to remove all requirements for SEC filers to disclose the date through which subsequent events are considered. The amendment became effective upon issuance. The Company has provided the required disclosures regarding subsequent events in Note 19 – *Subsequent Events*.

The provisions under ASC 825, “*Financial Instruments*,” requiring disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies, as well as in annual financial statements became effective for the Company during the quarter ended June 30, 2009. The additional disclosures required under ASC 825 are included in Note 1 – *Organization and Summary of Significant Accounting Policies*.

Effective January 1, 2009, the provisions under ASC 350, “*Intangibles – Goodwill and Other*,” related to the determination of the useful life of intangible assets and requiring additional disclosures related to renewing or extending the terms of recognized intangible assets, became effective for the Company. The adoption of these provisions did not have a material effect on the Company’s consolidated financial statements.

Effective January 1, 2009, the Company adopted an accounting standard update from the Emerging Issues Task Force (“EITF”) consensus regarding the accounting for contingent consideration agreements of an equity method investment and the requirement for the investor to recognize its share of any impairment charges recorded by the investee. This update to ASC 323, “*Investments – Equity Method and Joint Ventures*,” requires the investor to record share issuances by the investee as if it has sold a portion of its investment with any resulting gain or loss being reflected in earnings. The adoption of this update did not have any impact on the Company’s consolidated financial statements.

In March 2008, the FASB issued an update to ASC 815, “*Derivatives and Hedging*,” related to disclosures about derivative instruments and hedging activities. It requires disclosure of the fair value of derivative instruments and their gains and losses in a tabular format. It also provides for more information about an entity’s liquidity by requiring disclosure of derivative features that are credit risk related. Finally, it requires cross referencing within footnotes to enable financial statement users to locate important information about derivative instruments. Effective January 1, 2009, the Company adopted the updated provisions of ASC 815. The Company’s adoption of the updates had no impact on its financial condition or results of operations. (See Note 8 – *Derivative Instruments and Hedging Activities*.)

In February 2008, the FASB delayed the effective date for applying the fair value provisions of ASC 820, "*Fair Value Measurements and Disclosures*," to non-financial assets and non-financial liabilities, except those that are recognized or disclosed on a recurring basis, to fiscal years beginning after November 15, 2008. Effective January 1, 2009, we adopted the provisions of ASC 820 for all non-financial instruments accounted for at fair value on a non-recurring basis. The adoption of ASC 820 for non-financial assets and liabilities did not have a significant impact on our financial condition or results of operations.

In December 2007, the FASB issued ASC 805-10, "*Business Combinations*," which requires the acquirer of a business to recognize and measure the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at fair value. ASC 805-10 also requires transaction costs related to the business combination to be expensed as incurred. In April 2009, the FASB issued ASC 805-20, "*Business Combinations*," which amends and clarifies ASC 805-10 to address application issues associated with initial recognition and measurement, subsequent measurement and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. ASC 805-10 and ASC 805-20 are effective for business combinations for which the acquisition date is on or after the January 1, 2009. Effective January 1, 2009, the Company adopted ASC 805-10 and ASC 805-20, which has had no effect on the Company's consolidated financial statements. The Company expects ASC 805-10 and ASC 805-20 to have an impact on its accounting for future business combinations, but the effect is dependent upon the acquisitions that are made in the future.

In December 2007, the FASB issued updated guidance on ASC 810, "*Consolidation*," which changed the accounting and reporting requirements for the noncontrolling interests in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interests in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. The requirements became effective for the Company on January 1, 2009 and changed the accounting and reporting for minority interests, which is now characterized as noncontrolling interests. The updated guidance required retroactive adoption of the presentation and disclosure requirements for existing minority interests, with all other requirements applied prospectively.

In February 2007, the FASB issued provisions under ASC 825, "*Financial Instruments*," which permit companies to choose to measure certain financial instruments and other items at fair value that are not currently required to be measured at fair value. Effective January 1, 2008, the Company adopted the provisions under ASC 825, which provides entities the option to measure many financial instruments and certain other items at fair value. Entities that choose the fair value option will recognize unrealized gains and losses on items for which the fair value option was elected in earnings at each subsequent reporting date. The Company has chosen not to elect the fair value option for any items that are not already required to be measured at fair value in accordance with generally accepted accounting principles.

#### **(x) Liquidity and Uncertainties Related to Going Concern**

The Company continually projects its anticipated cash needs, which include, but are not limited to, its operating needs, capital requirements, the TV One funding commitment and principal and interest payments on its indebtedness. Management's most recent revenue, operating income and cash flow projections considered the recent gradual improvement in both the economy and advertising environment, and the projections compare more favorably to prior periods during which the economic downturn persisted. As of the filing of this Form 10-K, management believes the Company can meet its liquidity needs through at least December 31, 2011 with cash and cash equivalents on hand, projected cash flows from operations and, to the extent necessary, through additional borrowing available under the amended senior secured credit facility. Based on these projections, management also believes it is probable that the Company will be in compliance with its debt covenants through at least December 31, 2011.

Management's projections are highly dependent on the continuation of the recently improving economic and advertising environments, and any adverse fluctuations, or other unforeseen circumstances, may negatively impact the Company's operations beyond those assumed. Management considered the risks that the current economic conditions may have on its liquidity projections, as well as the Company's ability to meet its debt covenant requirements. If economic conditions deteriorate unexpectedly or do not continue to rebound, or if other adverse factors outside the Company's control arise, our operations could be negatively impacted, which could reduce, negate or even prevent the Company from maintaining compliance with its debt covenants. If it appears that we could not meet our liquidity needs or that noncompliance with debt covenants is likely to result, the Company would implement several remedial measures, which could include further operating cost and capital expenditure reductions and deferrals, seeking its share of distributions from TV One.

During the fourth quarter 2010, the Company completed the Amended Exchange Offer relating to all its Senior Subordinated Notes due 2011 and 2013. In addition, the amendment to our senior secured credit facility became effective which cured all prior defaults that were triggered in each of the second and third quarters under the terms of our credit facility.

Our senior credit facility matures on June 30, 2012. Under United States Generally Accepted Accounting Principles ("U.S. GAAP"), debt coming due within one year must be classified as a current liability. Therefore, unless we have refinanced our senior credit facility prior to July 1, 2011, we will be required to reclassify the senior credit facility as current indebtedness under U.S. GAAP beginning on June 30, 2011. We are currently evaluating a number of alternatives with respect to the upcoming maturity of the senior credit facility and recently announced a possible refinancing transaction on March 7, 2011. Our ability to consummate any such alternatives will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors, some of which may be beyond our control. Accordingly, there is no assurance that the Company will successfully enter into any definitive agreements for such alternatives.

## 2. ACQUISITIONS:

In June 2008, the Company purchased the assets of WPRS-FM, a radio station located in the Washington, DC metropolitan area, for \$38.0 million in cash. Since April 2007 and until closing the station had been operated under a local marketing agreement (“LMA”), and the results of its operations had been included in the Company’s consolidated financial statements since the inception of the LMA. The station was consolidated with the Company’s existing Washington, DC operations in April 2007. The Company’s final purchase price allocation consisted of approximately \$33.9 million to radio broadcasting license, approximately \$1.3 million to definitive-lived intangibles (acquired favorable income leases), \$965,000 to goodwill and approximately \$1.8 million to fixed assets on the Company’s consolidated balance sheet as of December 31, 2008.

In April 2008, the Company acquired CCI for \$38.0 million in cash. CCI is an online social networking company operating branded websites including BlackPlanet, MiGente, and AsianAvenue. The Company’s purchase price allocation consisted of approximately \$10.2 million to current assets, \$4.6 million to fixed assets, \$20.4 million to goodwill, \$9.9 million to definitive-lived intangibles (brand names, advertiser relationships and lists, favorable subleases, trademarks, trade names, etc.), and \$5.0 million to current liabilities on the Company’s consolidated balance sheet as of December 31, 2008.

In July 2007, the Company purchased the assets of WDBZ-AM, a radio station located in the Cincinnati metropolitan area, for approximately \$2.6 million financed by the seller. Since August 2001 and up until closing the station had been operated under a LMA, and the results of its operations had been included in the Company’s consolidated financial statements since the LMA. The station was consolidated with the Company’s existing Cincinnati operations in 2001. In accordance with ASC 350, “*Intangibles -Goodwill and Other,*” for the years ended 2010, 2009 and 2008, we recorded an impairment charge for radio broadcasting licenses and goodwill, and intellectual property for all stations in the Cincinnati market by approximately \$0, \$3.3 million and \$27.9 million, respectively. (See Note 5 — *Goodwill, Radio Broadcasting Licenses and Other Intangible Assets* and Note 12 — *Related Party Transactions.*)

## 3. DISPOSITION OF ASSETS AND DISCONTINUED OPERATIONS:

In December 2009, the Company ceased publication of Giant Magazine. The remaining assets and liabilities of this publication have been classified as discontinued operations as of December 31, 2010 and 2009, and the publication’s results of operations for the years ended December 31, 2010, 2009 and 2008, have been classified as discontinued operations in the accompanying consolidated financial statements.

Between December 2006 and May 2008, the Company sold the assets of 20 radio stations in seven markets for approximately \$287.9 million in cash. The remaining assets and liabilities of these stations have been classified as discontinued operations as of December 31, 2010 and 2009, and the stations’ results of operations for the years ended December 31, 2010, 2009 and 2008, have been classified as discontinued operations in the accompanying consolidated financial statements. For the period beginning December 1, 2006 and ending December 31, 2008, the Company used approximately \$262.0 million of the proceeds from these asset sales to pay down debt.

*Los Angeles Station:* In May 2008, the Company sold the assets of its radio station KRBV-FM, located in the Los Angeles metropolitan area, to Bonneville International Corporation (“Bonneville”) for approximately \$137.5 million in cash. Bonneville began operating the station under an LMA on April 8, 2008.

*Miami Station:* In April 2008, the Company sold the assets of its radio station WMCU-AM, located in the Miami metropolitan area, to Salem Communications Holding Corporation (“Salem”) for approximately \$12.3 million in cash. Salem began operating the station under an LMA effective October 18, 2007.

*Augusta Stations:* In December 2007, the Company sold the assets of its five radio stations in the Augusta metropolitan area to Perry Broadcasting Company for approximately \$3.1 million in cash.

*Louisville Station:* In November 2007, the Company sold the assets of its radio station WLRX-FM in the Louisville metropolitan area to WAY FM Media Group, Inc. for approximately \$1.0 million in cash.

*Dayton and Louisville Stations:* In September 2007, the Company sold the assets of its five radio stations in the Dayton metropolitan area and five of its six radio stations in the Louisville metropolitan area to Main Line Broadcasting, LLC for approximately \$76.0 million in cash.

*Minneapolis Station:* In August 2007, the Company sold the assets of its radio station KTTB-FM in the Minneapolis metropolitan area to Northern Lights Broadcasting, LLC for approximately \$28.0 million in cash.

*Boston Station:* In December 2006, the Company sold the assets of its radio station WILD-FM in the Boston metropolitan area to Entercom Boston, LLC (“Entercom”) for approximately \$30.0 million in cash. Entercom began operating the station under an LMA effective August 18, 2006.

The following table summarizes the operating results for Giant Magazine and all of the stations sold and classified as discontinued operations for all periods presented:

	<b>For the Years Ended December 31,</b>		
	<b>2010</b>	<b>2009</b>	<b>2008</b>
	(In thousands)		
Net revenue	\$ -	\$ 1,766	\$ 5,336
Operating expenses	192	3,306	8,999
Depreciation and amortization	-	87	183
Impairment of intangible assets	-	-	5,077
Other income	-	-	145
Loss on investment	-	448	49
(Loss) Gain on sale of assets	(12)	260	1,497
Loss before income taxes	(204)	(1,815)	(7,330)
Provision for income taxes	-	-	84
Loss from discontinued operations, net of tax	\$ (204)	\$ (1,815)	\$ (7,414)

The assets and liabilities of Giant Magazine and the stations sold are classified as discontinued operations in the accompanying consolidated balance sheets consisted of the following:

	<b>As of December 31,</b>	
	<b>2010</b>	<b>2009</b>
	(In thousands)	
Currents assets:		
Accounts receivable, net of allowance for doubtful accounts	\$ 67	\$ 424
Total current assets	67	424
Property and equipment, net	3	14
Intangible assets, net	—	60
Total assets	\$ 70	\$ 498
Current liabilities:		
Accounts payable	\$ —	\$ 91
Accrued compensation and related benefits	—	70
Other current liabilities	12	2,788
Total current liabilities	12	2,949
Total liabilities	\$ 12	\$ 2,949



#### 4. PROPERTY AND EQUIPMENT:

Property and equipment are carried at cost less accumulated depreciation and amortization. Depreciation is calculated using the straight-line method over the related estimated useful lives. Property and equipment consists of the following:

	<b>As of December 31,</b>		<b>Estimated</b>
	<b>2010</b>	<b>2009</b>	<b>Useful Lives</b>
	(In thousands)		
Land and improvements	\$ 3,765	\$ 3,765	—
Buildings and improvements	1,566	1,535	31 years
Transmitters and towers	35,491	34,724	7-15 years
Equipment	44,044	45,628	3-7 years
Furniture and fixtures	7,023	7,383	7 years
Software and web development	12,216	11,597	3 years
Leasehold improvements	18,706	18,712	Lease Term
Construction-in-progress	307	1,398	—
	<u>123,118</u>	<u>124,742</u>	
Less: Accumulated depreciation and amortization	<u>(89,658)</u>	<u>(84,157)</u>	
Property and equipment, net	<u>\$ 33,460</u>	<u>\$ 40,585</u>	

Depreciation and amortization expense for the years ended December 31, 2010, 2009 and 2008 was approximately \$17.4 million, \$21.0 million and \$19.0 million, respectively.

Repairs and maintenance costs are expensed as incurred.

#### 5. GOODWILL, RADIO BROADCASTING LICENSES AND OTHER INTANGIBLE ASSETS:

##### *Impairment Testing*

In the past, we have made acquisitions whereby a significant amount of the purchase price was allocated to radio broadcasting licenses, goodwill and other intangible assets. In accordance with ASC 350, "Intangibles - Goodwill and Other," we do not amortize our radio broadcasting licenses and goodwill. Instead, we perform a test for impairment annually or on an interim basis when events or changes in circumstances or other conditions suggest impairment may have occurred. Other intangible assets continue to be amortized on a straight-line basis over their useful lives. We perform our annual impairment test as of October 1 of each year. For the years ended December 31, 2010, 2009 and 2008, we recorded impairment charges against radio broadcasting licenses and goodwill of approximately \$36.1 million, \$65.6 million and \$420.2 million, respectively.

##### *2010 Interim Impairment Testing*

Given the considerable reductions to our internal projections used in our 2009 annual impairment testing, there were no impairment indicators noted for the broadcasting licenses, other intangible assets and radio market goodwill (excluding Reach Media) and Interactive One goodwill during the year ended December 31, 2010 prior to our annual impairment assessment. Given the December 31, 2009 expiration of the Sales Representation Agreement with Citadel, net revenues continued to decline during 2010 and we deemed that this decline warranted interim impairment testing. We performed such testing as of February, May and August 2010 for Reach Media. There were no impairment charges recorded as part of our interim impairment testing.

##### *2010 Annual Impairment Testing*

We completed our annual impairment assessment as of October 1, 2010. As a result of our testing, we recorded impairment charges of approximately \$19.9 million against radio broadcasting licenses in one of our radio markets. Our October 1, 2010 annual impairment testing indicated the carrying values for Interactive One were not impaired.

##### *2010 Year End Impairment Testing*

We completed an impairment assessment as of December 31, 2010 for Reach Media due to declining revenue and cash flow projections as well as actual results which did not meet budget. As a result of our testing, we recorded an impairment charge of \$16.1 million against Reach Media goodwill.

## Valuation of Broadcasting Licenses

We utilize the services of a third-party valuation firm to provide independent analysis when evaluating the fair value of our radio broadcasting licenses. Fair value is estimated to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Effective January 1, 2002, we began using the income approach to test for impairment of radio broadcasting licenses. A projection period of 10 years is used, as we believe that is the time horizon in which operators and investors generally expect to recover their investments. When evaluating our radio broadcasting licenses for impairment, the testing is done at the unit of accounting level as determined by ASC 350, "Intangibles - Goodwill and Other." In our case, each unit of accounting is a clustering of radio stations into one of our 16 geographical markets. Broadcasting license fair values are based on the estimated after-tax discounted future cash flows of the applicable unit of accounting assuming an initial hypothetical start-up operation which possesses FCC licenses as the only asset. Over time, it is assumed the operation acquires other tangible assets such as advertising and programming contracts, employment agreements and going concern value, and matures into an average performing operation in a specific radio market. The income approach model incorporates several variables, including, but not limited to: (i) radio market revenue estimates and growth projections; (ii) estimated market share and revenue for the hypothetical participant; (iii) likely media competition within the market; (iv) estimated start-up costs and losses incurred in the early years; (v) estimated profit margins and cash flows based on market size and station type; (vi) anticipated capital expenditures; (vii) probable future terminal values; (viii) an effective tax rate assumption; and (ix) a discount rate based on the weighted-average cost of capital for the radio broadcast industry. In calculating the discount rate, we considered: (i) the cost of equity, which includes estimates of the risk-free return, the long-term market return, small stock risk premiums and industry beta; (ii) the cost of debt, which includes estimates for corporate borrowing rates and tax rates; and (iii) estimated average percentages of equity and debt in capital structures.

Our 2009 impairment testing was reflective of the economic downturn and tightened credit markets, in that it incorporated more conservative assumptions than previous tests. Given the improving economic conditions for the radio marketplace, our 2010 annual testing reflects a more positive outlook for the marketplace with Year 1 growth rates of 1.5% - 3.0% and long-term market growth rates that range from 1.0% to 2.5%. Our methodology for valuing broadcasting licenses has been consistent for all periods presented.

Below are some of the key assumptions used in the income approach model for estimating broadcasting licenses fair values for all annual and interim impairments assessments performed since August 2008.

<b>Radio Broadcasting Licenses</b>	<b>August 31, 2008</b>	<b>October 1, 2008</b>	<b>February 28, 2009</b>	<b>August 31, 2009 (a)</b>	<b>October 1, 2009</b>	<b>October 1, 2010</b>
	<b>(In millions)</b>					
Pre-tax impairment charge	\$ 337.9	\$ 51.2	\$ 49.0	\$ –	\$ 16.1	\$ 19.9
Discount Rate	10.0%	10.5%	10.5%	–	10.5%	10.0%
Year 1 Market Revenue Growth or Decline Rate or Range	(2.0)%	(8.0)%	(13.1)% - (17.7)%	(22.3)%	1.0%	1.0% -3.0%
Long-term Market Revenue Growth Rate Range (Years 6 – 10)	1.5% - 2.5%	1.5% - 2.5%	1.5% - 2.5%	–	1.0% - 2.5%	1.0% - 2.5%
Mature Market Share Range	5.8% - 27.0%	1.2% - 27.0%	1.2% - 27.0%	–	0.8% - 28.1%	0.8% - 28.3%
Operating Profit Margin Range	34.0% - 50.7%	20.0% - 50.7%	17.7% - 50.7%	–	18.5% - 50.7%	19.0% - 47.3%

(a) Reflects changes only to the key assumptions used in the February 2009 interim testing for a certain reporting unit.

*Broadcasting Licenses Valuation Results*

The Company's total broadcasting licenses carrying value decreased to approximately \$678.7 million as of December 31, 2010, compared to approximately \$698.6 million as of December 31, 2009. The decrease of approximately \$19.9 million was for license impairment charges recorded in one of our 16 markets. The table below represents the changes to the carrying values of the Company's radio broadcasting licenses for the year ended December 31, 2010 for each unit of accounting. As noted above, each unit of accounting is a clustering of radio stations into one geographical market. The units of accounting are not disclosed on a specific market basis so as to not make sensitive information publicly available that could be competitively harmful to the Company.

<b>Unit of Accounting</b>	<b>Radio Broadcasting Licenses Carrying Balances</b>		
	<b>As of December 31, 2009</b>	<b>Impairment (In thousands)</b>	<b>As of December 31, 2010</b>
Unit of Accounting 3	\$ 1,289	\$ -	\$ 1,289
Unit of Accounting 2	3,086	-	3,086
Unit of Accounting 4	9,482	-	9,482
Unit of Accounting 5	18,657	-	18,657
Unit of Accounting 7	19,265	-	19,265
Unit of Accounting 14	20,435	-	20,435
Unit of Accounting 15	20,886	-	20,886
Unit of Accounting 11	21,135	-	21,135
Unit of Accounting 9	34,270	-	34,270
Unit of Accounting 6	26,243	-	26,243
Unit of Accounting 16	52,965	-	52,965
Unit of Accounting 13	52,556	-	52,556
Unit of Accounting 8	66,715	-	66,715
Unit of Accounting 12	78,726	(19,948)	58,778
Unit of Accounting 1	93,394	-	93,394
Unit of Accounting 10	179,541	-	179,541
<b>Total</b>	<b>\$ 698,645</b>	<b>\$ (19,948)</b>	<b>\$ 678,697</b>

## Valuation of Goodwill

The impairment testing of goodwill is performed at the reporting unit level. We had 19 reporting units as of our October 2010 annual impairment assessments. For the purpose of valuing goodwill, the 19 reporting units consist of the 16 radio markets and three other business divisions. In testing for the impairment of goodwill, we primarily rely on the income approach. The approach involves a 10-year model with similar variables as described above for broadcasting licenses, except that the discounted cash flows are based on the Company's estimated and projected market revenue, market share and operating performance for its reporting units, instead of those for a hypothetical participant. We follow a two-step process to evaluate if a potential impairment exists for goodwill. The first step of the process involves estimating the fair value of each reporting unit. If the reporting unit's fair value is less than its carrying value, a second step is performed as per the guidance of ASC 805-10, "Business Combinations," to allocate the fair value of the reporting unit to the individual assets and liabilities of the reporting unit in order to determine the implied fair value of the reporting unit's goodwill as of the impairment assessment date. Any excess of the carrying value of the goodwill over the implied fair value of the goodwill is written off as a charge to operations.

While our internal projections considered the recent revenue and cash flow declines experienced by the Company, those results may not be necessarily indicative of our future results. Given the recent gradual improvement in the economy, we have included modest improvement estimates and projections compared to our 2009 annual assessment. We have decreased the discount rate from 10.5% to 10.0% in the current year. In addition, since our assessment in October 2009, we have not made any changes to the methodology for valuing or allocating goodwill when determining the carrying values of the radio markets.

Below are some of the key assumptions used in the income approach model for estimating reporting unit fair values for all interim and annual impairment assessments performed since August 2008.

Goodwill (Radio Market Reporting Units)	August 31,	October 1,	February 28,	August 31,	October 1,	October 1,
	2008	2008	2009	2009 (a)	2009 (b)	2010 (c)
	(In millions)					
Pre-tax impairment charge	\$ -	\$ 31.1	\$ -	\$ -	\$ 0.6	\$ -
Discount Rate	10.0%	10.5%	10.5%	-	10.5%	10.0%
Year 1 Market Revenue Decline or Growth Rate or Range	(2.0)%	(8.0)%	(13.1)% - (17.7)%	(19.9)%	1.0%	1.5% -3.0%
Long-term Market Revenue Growth Rate Range (Years 6 – 10)	1.5% - 2.5%	1.5% - 2.5%	1.5% - 2.5%	-	1.5% - 2.5%	1.5% - 2.5%
Mature Market Share Range	5.2% - 16.5%	1.1% - 23.0%	2.8% - 22.0%	-	7.0% - 16.5%	7.0% - 23.0%
Operating Profit Margin Range	31.0% - 58.5%	18.0% - 60.0%	15.0% - 61.5%	-	30.0% - 57.5%	27.5% - 58.0%

(a) Reflects changes only to the key assumptions used in the February 2009 interim testing for a certain reporting unit.

(b) Reflects some of the key assumptions for testing only those radio markets with remaining goodwill for October 2009, compared to all markets tested in October 2008 and February 2009.

(c) Reflects some of the key assumptions for testing only those radio markets with remaining goodwill for October 2010

The outcome of our annual testing in October 2009 was to eliminate the remaining goodwill of \$628,000 in one of our radio market reporting units. There were no impairment charges recorded in the radio market reporting units (excluding Reach Media as noted below) for the year ended December 31, 2010.

Due to the September 2009 amendment of Reach Media's Sales Representation Agreement with Citadel, Reach began to sell advertising inventory within the Tom Joyner Morning Show through an internal salesforce. This shift from a guaranteed revenue arrangement with Citadel resulted in reduced revenues and operating cash flow in 2010 compared to the original budget and interim forecasts. As a result, we performed a number of interim impairment tests in 2010. Given the continued decline in revenues and cash flows during 2010, we reduced the revenue and operating cash flow projections for Reach at each interim impairment assessment and at our year end assessment. Since our annual assessment in October 2009, we have not made any changes to the methodology for valuing or allocating goodwill when determining the carrying value for Reach Media.

Below are some of the key assumptions used in the income approach model for estimating the fair value for Reach Media for all interim, annual and year end assessments since October 2008. When compared to the discount rates used for assessing radio market reporting units, the higher discount rates used in these assessments reflect a premium for a riskier and broader media business, with a heavier concentration and significantly higher amount of programming content related intangible assets that are highly dependent on the on-air personality Tom Joyner. As a result of October 2009 annual assessment and the February, May and August 2010 interim assessments, the Company concluded no impairment to the carrying value of Reach Media had occurred. During the fourth quarter, Reach Media's operating performance continued to decline, but at a decreasing rate. We believe this represented an impairment indicator and as a result, we performed a year end impairment assessment at December 31, 2010. We recorded an impairment charge of \$16.1 million during the quarter ended December 31, 2010 in connection with this assessment.

<b>Reach Media Goodwill (Reporting Unit Within the Radio Broadcasting Segment)</b>	<b>October 1, 2009</b>	<b>February 28, 2010</b>	<b>May 31, 2010</b>	<b>August 31, 2010</b>	<b>December 31, 2010</b>
	(In millions)				
Pre-tax impairment charge	\$ -	\$ -	\$ -	\$ -	\$ 16.1
Discount Rate	14.00%	13.50%	13.50%	13.00%	13.50%
2010 (Year 1) Revenue Growth Rate	16.5% (a)	8.50%	2.50%	2.50%	2.50%
Long-term Revenue Growth Rate Range	2.5% - 3.0%	2.5% - 3.0%	2.5% - 2.9%	2.5% - 3.3%	(2.6)% - 4.4%
Operating Profit Margin Range	27.2% - 35.3%	22.7% - 31.4%	23.3% - 31.5%	25.5% - 31.2%	15.5% - 25.9%

(a)The Year 1 revenue growth rate is driven by the September 2009 amendment of Reach Media's Sales Representation Agreement with Citadel, whereby the guaranteed revenue paid to Reach Media by Citadel was reduced by \$2.0 million in the fourth quarter of 2009, the final quarter for the term of the agreement. Effective January 2010, Reach Media and Citadel are now party to a commission based sales representation agreement, whereby Citadel sells out-of-show inventory for the Tom Joyner Morning Show. Reach Media now sells all in-show inventory.

CCI, an online social networking company, was acquired by the Company in April 2008 and is now included within the operations of the Interactive One reporting unit, which is part of the internet segment. With the weak economy and its negative impact on online advertising, the Company lowered its internal projections for the reporting unit, and performed its first interim impairment testing in August 2009. Below are some of the key assumptions used in the income approach model for determining the fair value as of August 2009, as of October 1, 2009 and finally as of October 1, 2010. When compared to discount rates for the radio reporting units, the higher discount rate used to value the reporting unit is reflective of discount rates applicable to internet media businesses. As a result of the testing performed, the Company concluded no impairment to the carrying value had occurred. We did not make any changes to the methodology for valuing or allocating goodwill when determining the carrying value.

<b>Goodwill (Internet Segment)</b>	<b>August 31, 2009</b>	<b>October 1, 2009</b>	<b>October 1, 2010</b>
	(In millions)		
Pre-tax impairment charges	\$ -	\$ -	\$ -
Discount Rate	17.0%	16.5%	15.0%
Year 1 Revenue Growth Rate	13.7%	13.7%	24.5%
Long-term Revenue Growth Rate (Year 10)	3.5%	3.5%	3.0%
Operating Profit Margin Range	8.8% - 42.9%	10.8% - 42.2%	(0.6)% - 32.7%

The above three goodwill tables reflect some of the key valuation assumptions used for 12 of our 19 reporting units. As a result of our testing in 2010, goodwill of \$16.1 million was impaired in one of our reporting units. There are seven remaining reporting units that had no goodwill carrying value balances as of December 31, 2010.

## Goodwill Valuation Results

The table below presents the changes in the Company's goodwill carrying values for its two reportable segments. The Company's goodwill balance decreased from approximately \$137.5 million at December 31, 2009 to \$121.4 million at December 31, 2010. The decrease was due to the impairment of \$16.1 million of remaining goodwill in one of our reporting units. As noted above, the 19 reporting units consist of the 16 radio markets plus three other business divisions. The actual reporting units are not disclosed so as to not make sensitive information publicly available that could potentially be competitively harmful to the Company.

Reporting Unit	Goodwill Carrying Balances		
	As of December 31, 2009	Decrease (In millions)	As of December 31, 2010
Radio Broadcasting Segment	\$ 115.7	\$ (16.1)	\$ 99.6
Internet Segment	21.8	-	21.8
Total	<u>\$ 137.5</u>	<u>\$ (16.1)</u>	<u>\$ 121.4</u>

In arriving at the estimated fair values for radio broadcasting licenses and goodwill, we also performed a reasonableness test by comparing our overall average implied multiple based on our cash flow projections and fair values to recently completed sales transactions, and by comparing our estimated fair values to the market capitalization of the Company. The results of these comparisons confirmed that the fair value estimates resulting from our annual assessments in 2010 were reasonable.

## Intangible Assets Excluding Goodwill and Radio Broadcasting Licenses

Other intangible assets, excluding goodwill and radio broadcasting licenses, are being amortized on a straight-line basis over various periods. Other intangible assets consist of the following:

	As of December 31,		Period of Amortization
	2010	2009	
	(In thousands)		
Trade names	\$ 17,138	\$ 16,965	2-5 Years
Talent agreement	19,549	19,549	10 Years
Debt financing and modification costs	19,374	17,527	Term of debt
Intellectual property	14,151	13,011	4-10 Years
Affiliate agreements	7,769	7,769	1-10 Years
Acquired income leases	1,282	1,282	3-9 Years
Non-compete agreements	1,260	1,260	1-3 Years
Advertiser agreements	6,613	6,613	2-7 Years
Favorable office and transmitter leases	3,358	3,358	2-60 Years
Brand names	2,539	2,539	2.5 Years
Other intangibles	1,258	1,260	1-5 Years
	94,291	91,133	
Less: Accumulated amortization	(54,255)	(56,074)	
Other intangible assets, net	<u>\$ 40,036</u>	<u>\$ 35,059</u>	

Amortization expense of intangible assets for the years ended December 31, 2010, 2009 and 2008 was approximately \$7.0 million, \$8.4 million and \$7.3 million, respectively. The amortization of deferred financing costs was charged to interest expense for all periods presented. The amount of deferred financing costs included in interest expense for the years ended December 31, 2010, 2009 and 2008 was approximately \$3.0 million, \$2.4 million and \$2.6 million, respectively.

The following table presents the Company's estimate of amortization expense for the years 2011 through 2015 for intangible assets, excluding deferred financing costs:

	(In thousands)
2011	\$ 5,550
2012	\$ 5,278
2013	\$ 4,727
2014	\$ 4,125
2015	\$ 247

Actual amortization expense may vary as a result of future acquisitions and dispositions.

## 6. INVESTMENT IN AFFILIATED COMPANY:

In January 2004, the Company, together with an affiliate of Comcast Corporation and other investors, launched TV One, an entity formed to operate a cable television network featuring lifestyle, entertainment and news-related programming targeted primarily towards African-American viewers. At that time, we committed to make a cumulative cash investment of \$74.0 million in TV One, of which \$60.3 million had been funded as of April 30, 2007, with no additional funding investment made since then. Since December 31, 2006, the initial four year commitment period for funding the capital has been extended on a quarterly basis due in part to TV One's lower than anticipated capital needs. Currently, the commitment period has been extended to April 1, 2011. We anticipate funding our remaining capital commitment amount of approximately \$13.7 million at or about that time. In December 2004, TV One entered into a distribution agreement with DIRECTV and certain affiliates of DIRECTV became investors in TV One. As of December 31, 2010 and 2009, the Company owned approximately 37% of TV One on a fully-converted basis.

The Company has recorded its investment at cost and has adjusted the carrying amount of the investment to recognize the change in the Company's claim on the net assets of TV One resulting from operating income or losses of TV One as well as other capital transactions of TV One using a hypothetical liquidation at book value approach. For the years ended December 31, 2010, 2009 and 2008, the Company's allocable share of TV One's operating income or (losses) was approximately \$5.6 million, \$3.7 million and \$(3.7) million, respectively.

At each of December 31, 2010 and 2009, the carrying value of the Company's investment in TV One was approximately \$47.5 million and \$48.5 million, respectively, and is presented on the consolidated balance sheets as investment in affiliated company. At December 31, 2010, the Company's maximum exposure to loss as a result of its involvement with TV One was determined to be approximately \$61.2 million, which is the Company's carrying value of its investment plus its future contractual funding commitment.

We entered into separate network services and advertising services agreements with TV One in 2003. Under the network services agreement, we provided TV One with administrative and operational support services and access to Radio One personalities. This agreement, originally scheduled to expire in January 2009, but was extended to January 2010 and has been further extended to January 2011. Under the advertising services agreement, we provided a specified amount of advertising to TV One. This agreement was also originally scheduled to expire in January 2009 and has been extended to January 2011. In consideration of providing these services, we have received equity in TV One, and receive an annual cash fee of \$500,000 for providing services under the network services agreement. While each of these agreements has expired, we are currently evaluating the agreements given new and anticipated synergies. The Company is currently negotiating the renewal of these agreements.

The Company is accounting for the services provided to TV One under the advertising and network services agreements in accordance with ASC 505-50-30, "Equity." As services are provided to TV One, the Company is recording revenue based on the fair value of the most reliable unit of measurement in these transactions. For the advertising services agreement, the most reliable unit of measurement has been determined to be the value of underlying advertising time that is being provided to TV One. For the network services agreement, the most reliable unit of measurement has been determined to be the value of the equity received in TV One. The Company recognized \$1.8 million, \$2.3 million and \$3.6 million in revenue relating to these two agreements for the years ended December 31, 2010, 2009 and 2008, respectively.

Summarized unaudited financial information for our significant equity investment is reported below (in thousands, amounts represent 100% of investee financial information):

<b>Statement of Operations</b>	<b>Year Ended December 31, 2010 (In thousands)</b>
Net revenue	\$ 107,283
Costs and expenses	87,917
Earnings from continuing operations	<u>19,366</u>
Net income	<u>\$ 19,366</u>
<b>Balance Sheet</b>	<b>As of December 31, 2010 (In thousands)</b>
Current assets	\$ 50,619
Non-current assets	110,833
Current liabilities	8,663
Non-current liabilities	53,792
Equity	\$ 98,997

## 7. OTHER CURRENT LIABILITIES:

Other current liabilities consist of the following:

	As of December 31,	
	2010	2009
(In thousands)		
Deferred revenue	\$ 6,389	\$ 2,964
Deferred barter revenue	1,204	1,344
Deferred contract credits	237	237
Deferred rent	360	456
Accrued national representative fees	589	720
Accrued miscellaneous taxes	492	417
Other current liabilities	2,454	1,098
Other current liabilities	<u>\$ 11,725</u>	<u>\$ 7,236</u>

## 8. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES:

ASC 815, "Derivatives and Hedging," establishes disclosure requirements related to derivative instruments and hedging activities with the intent to provide users of financial statements with an enhanced understanding of: (a) how and why an entity uses derivative instruments; (b) how derivative instruments and related hedged items are accounted for and its related interpretations; and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. ASC 815 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about the fair value of gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative instruments.

The fair values and the presentation of the Company's derivative instruments in the consolidated balance sheets are as follows:

	Liability Derivatives			
	As of December 31, 2010		As of December 31, 2009	
	(In thousands)			
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
<b>Derivatives designated as hedging instruments:</b>				
Interest rate swaps	Other Current Liabilities	\$ -	Other Current Liabilities	\$ 486
Interest rate swaps	Other Long-Term Liabilities	1,426	Other Long-Term Liabilities	1,600
<b>Derivatives not designated as hedging instruments:</b>				
Employment agreement award	Other Long-Term Liabilities	6,824	Other Long-Term Liabilities	4,657
Total derivatives		<u>\$ 8,250</u>		<u>\$ 6,743</u>

The effect and the presentation of the Company's derivative instruments on the consolidated statements of operations are as follows:

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) in Other Comprehensive Income on Derivative (Effective Portion)			Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)			Gain (Loss) in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)					
	Amount			Amount			Amount					
	2010	2009	2008	2010	2009	2008	2010	2009	2008			
Interest rate swaps	\$662	\$895	\$(3,625)	Interest expense	\$(1,510)	\$(1,749)	\$(601)	Interest expense	\$-	\$-	\$-	
<b>Derivatives Not Designated as Hedging Instruments</b>												
		Location of Gain (Loss) in Income of Derivative			Amount of Gain (Loss) in Income of Derivative							
					For the Years Ended December 31,							
					2010		2009		2008			
					(In thousands)							
Employment agreement award	Corporate selling, general and administrative expense			\$(2,167)		\$(331)		\$(4,326)				



## Hedging Activities

In June 2005, pursuant to the Credit Agreement (as defined in Note 9 — *Long-Term Debt*), the Company entered into four fixed rate swap agreements to reduce interest rate fluctuations on certain floating rate debt commitments. Three of the four \$25.0 million swap agreements have expired, one in each of June 2007, 2008, and 2010, respectively.

The remaining swap agreement has the following terms:

	<u>Notional Amount</u>	<u>Expiration</u>	<u>Fixed Rate</u>
Swap Agreement	\$25.0 million	June 16, 2012	4.47%

The remaining swap agreement has been accounted for as a qualifying cash flow hedge of the Company's senior bank debt, in accordance with ASC 815, "*Derivatives and Hedging*," whereby changes in the fair market value are reflected as adjustments to the fair value of the derivative instruments as reflected on the accompanying consolidated financial statements.

The Company's objectives in using interest rate swaps are to manage interest rate risk associated with the Company's floating rate debt commitments and to add stability to future cash flows. To accomplish this objective, the Company uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges is recorded in Accumulated Other Comprehensive Loss and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. During 2010 and 2009, such derivatives were used to hedge the variable cash flows associated with existing floating rate debt commitments. The ineffective portion of the change in fair value of the derivatives, if any, is recognized directly in earnings. There was no hedging ineffectiveness during the years ended December 31, 2010, 2009 and 2008.

Amounts reported in Accumulated Other Comprehensive Loss related to derivatives are reclassified to interest expense as interest payments are made on the Company's floating rate debt. During the next 12 months, the Company estimates that an additional amount of approximately \$1.0 million will be reclassified as an increase to interest expense.

Under the swap agreement, the Company pays the fixed rate listed in the table above. The counterparties to the agreement pay the Company a floating interest rate based on the three month LIBOR, for which measurement and settlement is performed quarterly. The counterparty to the agreement is an international financial institution. The Company estimates the net fair value of the instrument as of December 31, 2010 to be a liability of approximately \$1.4 million. The fair value of the interest rate swap agreement is estimated by obtaining a quotation from the financial institution, which is a party to the Company's swap agreement and adjusted for credit risk.

The amounts incurred by the Company, representing the effective difference between the fixed rate under the swap agreement and the variable rate on the underlying term of the debt, are included in interest expense in the accompanying consolidated statements of operations.

## Other Derivative Instruments

The Company recognizes all derivatives at fair value, whether designated in hedging relationships or not, in the balance sheet as either an asset or liability. The accounting for changes in the fair value of a derivative, including certain derivative instruments embedded in other contracts, depends on the intended use of the derivative and the resulting designation. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and the hedged item are recognized in the statement of operations. If the derivative is designated as a cash flow hedge, changes in the fair value of the derivative are recorded in other comprehensive income and are recognized in the statement of operations when the hedged item affects net income. If a derivative does not qualify as a hedge, it is marked to fair value through the statement of operations. Any fees associated with these derivatives are amortized over their term.

As of December 31, 2010, the Company was party to an Employment Agreement executed in April 2008 with the CEO which calls for an award that has been accounted for as a derivative instrument without a hedging relationship in accordance with the guidance under ASC 815, "*Derivatives and Hedging*." Pursuant to the Employment Agreement, the CEO is eligible to receive an award amount equal to 8% of any proceeds from distributions or other liquidity events in excess of the return of the Company's aggregate investment in TV One. The primary inputs used by the Company to establish a value for this award include the enterprise valuation of TV One using a discounted cash flow model and the assessment of certain probability factors to evaluate the likelihood that the award will be paid. The Company reassessed the estimated fair value of the award at December 31, 2010 to be approximately \$6.8 million, and accordingly, adjusted its liability to this amount. The Company's obligation to pay the award will be triggered only after the Company's recovery of the aggregate amount of its capital contribution in TV One and only upon actual receipt of distributions of cash or marketable securities or proceeds from a liquidity event with respect to the Company's membership interest in TV One. The CEO was fully vested in the award upon execution of the Employment Agreement, and the award lapses upon expiration of the Employment Agreement in April 2011, or earlier if the CEO voluntarily leaves the Company, or is terminated for cause. The Company is currently in negotiations with the Company's CEO to renew the Employment Agreement that expires in April 2011.

## 9. LONG-TERM DEBT:

Long-term debt consists of the following:

	<b>As of December 31,</b>	
	<b>2010</b>	<b>2009</b>
(In thousands)		
Senior bank term debt	\$ 346,681	\$ 45,024
Senior bank revolving debt	7,000	306,000
8 <sup>7</sup> / <sub>8</sub> % Senior Subordinated Notes due July 2011	-	101,510
6 <sup>3</sup> / <sub>8</sub> % Senior Subordinated Notes due February 2013	747	200,000
12 <sup>1</sup> / <sub>2</sub> %/15% Senior Subordinated Notes due May 2016	286,794	-
Note payable	1,000	1,000
<b>Total long-term debt</b>	<b>642,222</b>	<b>653,534</b>
Less: current portion	18,402	652,534
<b>Long-term debt, net of current portion</b>	<b>\$ 623,820</b>	<b>\$ 1,000</b>

### *Credit Facilities*

#### *Post November 2010 Refinancing Transactions*

On November 24, 2010, the Company entered into a Credit Agreement amendment with the existing syndicate of banks. The Credit Agreement amendment, which amends and restates the Credit agreement (as so amended and restated, the "Amended and Restated Credit Agreement"), among other things, replaced the existing amount of outstanding revolving loans with a \$323.0 million term loan and provided for three tranches of revolving loans, including a \$20.0 million revolver to be used for working capital, capital expenditures, investments, and other lawful corporate purposes, a \$5.1 million revolver to be used solely to redeem and retire the 2011 Notes, and a \$13.7 million revolver to be used solely to fund a capital call with respect to TV One. See Note 19 - *Subsequent Events*.

The Amended and Restated Credit Agreement provides for maintenance of the following maximum fixed charge coverage ratio as of the last day of each fiscal quarter:

<b>Effective Period</b>	<b>Ratio</b>
November 24, 2010 to December 30, 2010	1.05 to 1.00
December 31, 2010 to June 30, 2012	1.07 to 1.00

The Amended and Restated Credit Agreement also provides for maintenance of the following maximum total leverage ratios (subject to certain adjustments if subordinated debt is issued or any portion of the \$13.7 million revolver is used to fund a TV One capital call):

<b>Effective Period</b>	<b>Ratio</b>
November 24, 2010 to December 30, 2010	9.35 to 1.00
December 31, 2010 to December 30, 2011	9.00 to 1.00
December 31, 2011 and thereafter	9.25 to 1.00

The Amended and Restated Credit Agreement also provides for maintenance of the following maximum senior leverage ratios (subject to certain adjustments if any portion of the \$13.7 million revolver is used to fund a TV One capital call):

<b>Beginning</b>	<b>No greater than</b>
November 24, 2010 to December 30, 2010	5.25 to 1.00
December 31, 2010 to March 30, 2011	5.00 to 1.00
March 31, 2011 to September 29, 2011	4.75 to 1.00
September 30, 2011 to December 30, 2011	4.50 to 1.00
December 31, 2011 and thereafter	4.75 to 1.00

The Amended and Restated Credit Agreement provides for maintenance of average weekly availability at any time during any period set forth below:

<b>Beginning</b>	<b>Average weekly availability no less than</b>
November 24, 2010 through and including June 30, 2011	\$10,000,000
July 1, 2011 and thereafter	\$15,000,000

Since November 24, 2010, and as of December 31, 2010, the Company has been in compliance with all of its financial covenants under the Amended and Restated Credit Agreement.

As of December 31, 2010, approximate ratios calculated in accordance with the Amended and Restated Credit Agreement, are as follows:

	<b>As of December 31, 2010</b>	<b>Covenant Limit</b>	<b>Cushion</b>
Pro Forma Last Twelve Months Covenant EBITDA (In millions)	\$ 78.8		
Pro Forma Last Twelve Months Fixed Charges (In millions)	\$ 65.0		
Senior Debt (In millions)	\$ 354.3		
Total Debt (In millions)	\$ 642.4		
Senior Secured Leverage:			
Senior Secured Debt / Covenant EBITDA	4.50x	5.00x	0.50x
Total Leverage:			
Total Debt / Covenant EBITDA	8.15x	9.00x	0.85x
Fixed Charge Coverage:			
Covenant EBITDA / Fixed Charges	1.21x	1.07x	0.14x
<b>EBITDA - Earnings before interest, taxes, depreciation and amortization</b>			

Total Senior bank term debt outstanding at December 31, 2010 was approximately \$346.7 million which consisted of a new term loan of approximately \$323.0 million in addition to \$23.7 million outstanding on the existing term loan facility.

Under the terms of the Amended and Restated Credit Agreement, interest on both alternate base rate loans and LIBOR loans is payable monthly. The LIBOR interest rate floor is 1.00% and the alternate base rate is equal to the greater of the prime rate, the Federal Funds Effective Rate plus 0.50% and the LIBOR Rate for a one-month period plus 1.00%. Interest payable on (i) LIBOR loans will be at LIBOR plus 6.25% and (ii) alternate base rate loans will be at alternate base rate plus 5.25% (and, in each case, may be permanently increased if the Company exceeds certain senior leverage ratio levels, tested quarterly beginning June 30, 2011). The interest rate paid in excess of LIBOR could be as high as 7.25% during the last quarter prior to maturity if the Company exceeds the senior leverage ratio levels on each test date. Commencing on September 30, 2011, quarterly installments of 0.25%, or \$807,500, of the principal balance on the \$323.0 million term loan are payable on the last day of each March, June, September and December.

Under the terms of the Amended and Restated Credit Agreement, quarterly installments of principal on the term loan facility were payable on the last day of each March, June, September and December commencing on September 30, 2007 in a percentage amount of the principal balance of the term loan facility outstanding on September 30, 2007, net of loan repayments, of 1.25% between September 30, 2007 and June 30, 2008, 5.0% between September 30, 2008 and June 30, 2009, and 6.25% between September 30, 2009 and June 30, 2012. Based on the (i) \$174.4 million net principal balance of the term loan facility outstanding on September 30, 2008, (ii) a \$70.0 million prepayment in March 2009, (iii) a \$31.5 million prepayment in May 2009 and (iv) a \$5.0 million prepayment in May 2010, quarterly payments of \$4.0 million are payable between June 30, 2010 and June 30, 2012.

On December 24, 2010, all remaining outstanding 2011 Notes were repurchased pursuant to the indenture governing the 2011 Notes. We incurred approximately \$4.5 million in borrowings under the Amended and Restated Credit Agreement in connection with such repurchase.

As a result of our repurchase and refinancing of the 2011 Notes, the expiration of the Amended and Restated Credit Agreement is June 30, 2012.

As of December 31, 2010, the Company had approximately \$16.9 million of borrowing capacity under its revolving credit facility. Taking into consideration the financial covenants under the Amended and Restated Credit Agreement, the entire amount of that borrowing capacity was available for borrowing.

As of December 31, 2010, the Company had outstanding approximately \$353.7 million on its credit facility. During the year ended December 31, 2010 the Company borrowed approximately \$24.0 million and repaid approximately \$21.5 million.

### *Pre November 2010 Refinancing Transactions*

In June 2005, the Company entered into the Credit Agreement with a syndicate of banks, and simultaneously borrowed \$437.5 million to retire all outstanding obligations under its previous credit agreement. The Credit Agreement was amended in April 2006 and September 2007 to modify certain financial covenants and other provisions. Prior to the November 2010 Refinancing Transaction, the Credit Agreement was to expire the earlier of (a) six months prior to the scheduled maturity date of the 8<sup>7</sup>/<sub>8</sub>% Senior Subordinated Notes due July 1, 2011 (January 1, 2011) (unless the 8<sup>7</sup>/<sub>8</sub>% Senior Subordinated Notes have been repurchased or refinanced prior to such date) or (b) June 30, 2012. The total amount available under the Credit Agreement was \$800.0 million, consisting of a \$500.0 million revolving facility and a \$300.0 million term loan facility. Borrowings under the credit facilities were and remain subject to compliance with certain provisions including, but not limited to, financial covenants. The Company could use proceeds from the credit facilities for working capital, capital expenditures made in the ordinary course of business, its common stock repurchase program, permitted direct and indirect investments and other lawful corporate purposes.

During the quarter ended March 31, 2010, we noted that certain of our subsidiaries identified as guarantors in our financial statements did not have requisite guarantees filed with the trustee as required under the terms of the indentures governing the 6<sup>3</sup>/<sub>8</sub>% Senior Subordinated Notes due 2013 (the "2013 Notes") and 2011 Notes (the "Non-Joinder of Certain Subsidiaries"). The Non-Joinder of Certain Subsidiaries caused a non-monetary, technical default under the terms of the relevant indentures at December 31, 2009, causing a non-monetary, technical cross-default at December 31, 2009 under the terms of our Credit Agreement. On March 30, 2010, we joined the relevant subsidiaries as guarantors under the relevant indentures (the "Joinder"). Further, on March 30, 2010, we entered into a third amendment (the "Third Amendment") to the Credit Agreement. The Third Amendment provides for, among other things: (i) a \$100.0 million revolver commitment reduction (from \$500.0 million to \$400.0 million) under the bank facilities; (ii) a 1.0% floor with respect to any loan bearing interest at a rate determined by reference to the adjusted LIBOR (iii) certain additional collateral requirements; (iv) certain limitations on the use of proceeds from the revolving loan commitments; (v) the addition of Interactive One, LLC as a guarantor of the loans under the Credit Agreement and under the notes governed by the Company's 2011 Notes and 2013 Notes; (vi) the waiver of the technical cross-defaults that existed as of December 31, 2009 and through the date of the amendment arising due to the Non-Joinder of Certain Subsidiaries; and (vii) the payment of certain fees and expenses of the lenders in connection with their diligence work on the amendment.

The Credit Agreement, as of November 23, 2010 contained affirmative and negative covenants that the Company was required to comply with, including:

(a) maintaining an interest coverage ratio of no less than:

- 1.90 to 1.00 from January 1, 2006 to September 13, 2007;
- 1.60 to 1.00 from September 14, 2007 to June 30, 2008;
- 1.75 to 1.00 from July 1, 2008 to December 31, 2009;
- 2.00 to 1.00 from January 1, 2010 to December 31, 2010; and
- 2.25 to 1.00 from January 1, 2011 and thereafter;

(b) maintaining a total leverage ratio of no greater than:

- 7.00 to 1.00 beginning April 1, 2006 to September 13, 2007;
- 7.75 to 1.00 beginning September 14, 2007 to March 31, 2008;
- 7.50 to 1.00 beginning April 1, 2008 to September 30, 2008;
- 7.25 to 1.00 beginning October 1, 2008 to June 30, 2010;
- 6.50 to 1.00 beginning July 1, 2010 to September 30, 2011; and
- 6.00 to 1.00 beginning October 1, 2011 and thereafter;

(c) maintaining a senior leverage ratio of no greater than:

- 5.00 to 1.00 beginning June 13, 2005 to September 30, 2006;
- 4.50 to 1.00 beginning October 1, 2006 to September 30, 2007; and
- 4.00 to 1.00 beginning October 1, 2007 and thereafter; and

(d) limitations on:

- liens;
- sale of assets;
- payment of dividends; and
- mergers.

Based on its fiscal year end 2007 excess cash flow calculation, the Company made a principal prepayment of approximately \$6.0 million in May 2008. For the years ended December 31, 2009 and 2008, no excess cash calculation was required and, therefore, no payment was required. However, in March 2009 and May 2009, based on the excess proceeds calculation (which included asset acquisition and disposition activity for the twelve month period ending May 31, 2008), the Company made prepayments of \$70.0 million and \$31.5 million, respectively, on the term loan facility. These prepayments were funded with \$70.0 million and \$31.5 million in loan proceeds from the revolving facility in March 2009 and May 2009, respectively.

Under the terms of the Credit Agreement, upon any breach or default under either the 87/8% Senior Subordinated Notes due July 2011 or the 63/8% Senior Subordinated Notes due February 2013, the lenders could among other actions immediately terminate the Credit Agreement and declare the loans then outstanding under the Credit Agreement to be due and payable in whole immediately. Similarly, under the 87/8% Senior Subordinated Notes and the 63/8% Senior Subordinated Notes, a default under the terms of the Credit Agreement would constitute an event of default, and the trustees or the holders of at least 25% in principal amount of the then outstanding notes (under either class) may declare the principal of such class of note and interest to be due and payable immediately.

As of each of June 30, 2010, July 1, 2010 and September 30, 2010, we were not in compliance with the terms of our Existing Credit Facility. More specifically, (i) as of June 30, 2010, we failed to maintain a total leverage ratio of 7.25 to 1.00 (ii) as of each of July 1, 2010 and September 30, 2010, as a result of a step down of the total leverage ratio from no greater than 7.25 to 1.00 to no greater than 6.50 to 1.00 effective for the period July 1, 2010 to September 30, 2011, we also failed to maintain the requisite total leverage ratio and (iii) as of September 30, 2010, we failed to maintain a senior leverage ratio of 4.00 to 1.00. On July 15, 2010, the Company and its subsidiaries entered into a forbearance agreement (the "Forbearance Agreement") with Wells Fargo Bank, N.A. (successor by merger to Wachovia Bank, National Association), as administrative agent (the "Agent"), and financial institutions constituting the majority of outstanding loans and commitments (the "Required Lenders") under our Existing Credit Facility, relating to the defaults and events of default existing as of June 30, 2010 and July 1, 2010. On August 13, 2010, we entered into an amendment to the Forbearance Agreement (the "Forbearance Agreement Amendment") that, among other things, extended the termination date of the Forbearance Agreement to September 10, 2010, unless terminated earlier by its terms, and provided additional forbearance related to the then anticipated default caused by an opinion of Ernst & Young LLP expressing substantial doubt about the Company's ability to continue as a going concern as issued in connection with the restatement of our financial statements. Under the Forbearance Agreement and the Forbearance Agreement Amendment, the Agent and the Required Lenders maintained the right to deliver "payment blockage notices" to the trustees for the holders of the 2011 Notes and/or the 2013 Notes.

On August 5, 2010, the Agent delivered a payment blockage notice to the Trustee under the Indenture governing our 2013 Notes. As a result, neither we nor any of our guaranteeing subsidiaries may make any payment or distribution of any kind or character in respect of obligations under the 2013 Notes, including the interest payment that was scheduled to be made on August 16, 2010. The 30-day grace period for the nonpayment of interest before such nonpayment constituted an event of default under the 2013 Notes Indenture expired on September 15, 2010. While the trustee or holders of at least 25% in principal amount of the then outstanding 2013 Notes could declare the principal amount, and accrued and unpaid interest, on all outstanding 2013 Notes to be due and payable immediately as a result of such event of default, no such remedies were exercised as we continued to negotiate the terms of the amended exchange offer and a new support agreement with the members of the ad hoc group of holders of our 2011 Notes and 2013 Notes. The event of default under the 2013 Notes Indenture also constituted an event of default under the Existing Credit Facility. While the Forbearance Agreement Amendment expired by its terms on September 10, 2010, we and the Agent continued to negotiate the terms of a credit facility amendment and the Agent and the lenders did not exercise additional remedies under the Existing Credit Facility. The Amended and Restated Credit Agreement cured these issues.

### ***Senior Subordinated Notes***

#### ***Post November 2010 Refinancing Transactions***

On November 24, 2010, we issued \$286.8 million of our 12 1/2%/15% Senior Subordinated Notes due May 2016 in a private placement and exchanged and then cancelled approximately \$97.0 million of \$101.5 million in aggregate principal amount outstanding of our 2011 Notes and approximately \$199.3 million of \$200.0 million in aggregate principal amount outstanding of our 2013 Notes (the 2013 Notes together with the 2011 Notes, the "Prior Notes"). We entered into supplemental indentures in respect of each of the Prior Notes which waived any and all existing defaults and events of default that had arisen or may have arisen that may be waived and eliminated substantially all of the covenants in each indenture governing the Prior Notes, other than the covenants to pay principal and interest on the Prior Notes when due, and eliminated or modified the related events of default. Subsequently, all remaining outstanding 2011 Notes were repurchased pursuant to the indenture governing the 2011 Notes, effective as of December 24, 2010.

As of December 31, 2010, the Company had outstanding \$747,000 of its 63/8% Senior Subordinated Notes due February 2013 and \$286.8 million of our 12 1/2%/15% Senior Subordinated Notes due May 2016. During the year ended December 31, 2010, pursuant to the debt exchange, the Company repurchased \$101.5 million of the 87/8% Senior Subordinated Notes at par and \$199.3 million of the 63/8% Senior Subordinated Notes at an average discount of 5.0%, and recorded a gain on the retirement of debt of approximately \$6.6 million, net of the write-off of deferred financing costs of approximately \$3.3 million. The 12 1/2%/15% Senior Subordinated Notes due May 2016 had a carrying value of \$286.8 million and a fair value of approximately \$278.2 million as of December 31, 2010, and the 63/8% Senior Subordinated Notes due February 2013 had a carrying value of \$747,000 and a fair value of approximately \$672,000 as of December 31, 2010. The fair values were determined based on the trading value of the instruments as of the reporting date.

Interest payments under the terms of the 6<sup>3</sup>/<sub>8</sub>% Senior Subordinated Notes are due in February and August. Based on the \$747,000 principal balance of the 6<sup>3</sup>/<sub>8</sub>% Senior Subordinated Notes outstanding on December 31, 2010, interest payments of \$24,000 are payable each February and August through February 2013.

Interest on the 12<sup>1</sup>/<sub>2</sub>%/15% Senior Subordinated Notes will be payable in cash, or at our election, partially in cash and partially through the issuance of additional 12<sup>1</sup>/<sub>2</sub>%/15% Senior Subordinated Notes (a "PIK Election") on a quarterly basis in arrears on February 15, May 15, August 15 and November 15, commencing on February 15, 2011. We may make a PIK Election only with respect to interest accruing up to but not including May 15, 2012, and with respect to interest accruing from and after May 15, 2012 such interest shall accrue at a rate of 12.5% per annum and shall be payable in cash.

Interest on the Exchange Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will accrue for each quarterly period at a rate of 12.5% per annum if the interest for such quarterly period is paid fully in cash. In the event of a PIK Election, including the PIK Election currently in effect, the interest paid in cash and the interest paid-in-kind by issuance of additional Exchange Notes ("PIK Notes") will accrue for such quarterly period at 6.0% per annum and 9.0% per annum, respectively.

In the absence of an election for any interest period, interest on the Exchange Notes shall be payable according to the election for the previous interest period; provided that interest accruing from and after May 15, 2012 shall accrue at a rate of 12.5% per annum and shall be payable in cash. A PIK Election is currently in effect.

### ***Pre November 2010 Refinancing Transactions***

Subsequent to December 31, 2009, we noted that certain of our subsidiaries identified as guarantors in our financial statements did not have requisite guarantees filed with the trustee as required under the terms of the indentures (the "Non-Joinder of Certain Subsidiaries"). The Non-Joinder of Certain Subsidiaries caused a non-monetary, technical default under the terms of the relevant indentures at December 31, 2009, causing a non-monetary, technical cross-default at December 31, 2009 under the terms of our Credit Agreement dated as of June 13, 2005. We have since joined the relevant subsidiaries as guarantors under the relevant indentures (the "Joinder"). Further, on March 30, 2010, we entered into a third amendment (the "Third Amendment") to the Credit Agreement. The Third Amendment provides for, among other things: (i) a \$100.0 million revolver commitment reduction under the bank facilities; (ii) a 1.0% floor with respect to any loan bearing interest at a rate determined by reference to the adjusted LIBOR (iii) certain additional collateral requirements; (iv) certain limitations on the use of proceeds from the revolving loan commitments; (v) the addition of Interactive One, LLC as a guarantor of the loans under the Credit Agreement and under the notes governed by the Company's 2001 and 2005 senior subordinated debt documents; (vi) the waiver of the technical cross-defaults that existed as of December 31, 2009 and through the date of the amendment arising due to the Non-Joinder of Certain Subsidiaries; and (vii) the payment of certain fees and expenses of the lenders in connection with their diligence in connection with the amendment.

On August 5, 2010, the Agent under our Existing Credit Facility delivered a payment blockage notice to the Trustee under the Indenture governing our 2013 Notes. As a result, neither we nor any of our guaranteeing subsidiaries may make any payment or distribution of any kind or character in respect of obligations under the 2013 Notes, including the interest payment that was scheduled to be made on August 16, 2010. The 30-day grace period for the nonpayment of interest before such nonpayment constituted an event of default under the 2013 Notes Indenture expired on September 15, 2010. While the trustee or holders of at least 25% in principal amount of the then outstanding 2013 Notes could declare the principal amount, and accrued and unpaid interest, on all outstanding 2013 Notes to be due and payable immediately as a result of such event of default, no such remedies had been exercised as we continued to negotiate the terms of the amended exchange offer and a new support agreement with the members of the ad hoc group of holders of our 2011 and 2013 Notes. The event of default under the 2013 Notes Indenture also constituted an event of default under the Existing Credit Facility. As of November 24, 2010, any and all existing defaults and events of default that had arisen or may have arisen were cured.

As of each of June 30, 2010, July 1, 2010 and September 30, 2010, we were not in compliance with the terms of our Existing Credit Facility. More specifically, (i) as of June 30, 2010, we failed to maintain a total leverage ratio of 7.25 to 1.00 (ii) as of each of July 1, 2010 and September 30, 2010, as a result of a step down of the total leverage ratio from no greater than 7.25 to 1.00 to no greater than 6.50 to 1.00 effective for the period July 1, 2010 to September 30, 2011, we also failed to maintain the requisite total leverage ratio and (iii) as of September 30, 2010, we failed to maintain a senior leverage ratio of 4.00 to 1.00. On July 15, 2010, the Company and its subsidiaries entered into the Forbearance Agreement with Wells Fargo Bank, N.A. (successor by merger to Wachovia Bank, National Association), as Agent, and the Required Lenders under our Existing Credit Facility, relating to the defaults and events of default existing as of June 30, 2010 and July 1, 2010. On August 13, 2010, we entered into an amendment to the Forbearance Agreement Amendment that, among other things, extended the termination date of the Forbearance Agreement to September 10, 2010, unless terminated earlier by its terms, and provided additional forbearance related to the then anticipated default caused by an opinion of Ernst & Young LLP expressing substantial doubt about the Company's ability to continue as a going concern as issued in connection with the restatement of our financial statements. Under the Forbearance Agreement and the Forbearance Agreement Amendment, the Agent and the Required Lenders maintained the right to deliver "payment blockage notices" to the trustees for the holders of the 2011 Notes and/or the 2013 Notes.

On August 5, 2010, the Agent under our Existing Credit Facility delivered a payment blockage notice to the Trustee under the Indenture governing our 2013 Notes. As a result, neither we nor any of our guaranteeing subsidiaries may make any payment or distribution of any kind or character in respect of obligations under the 2013 Notes, including the interest payment that was scheduled to be made on August 16, 2010. The 30-day grace period for the nonpayment of interest before such nonpayment constituted an event of default under the 2013 Notes Indenture expired on September 15, 2010. While the trustee or holders of at least 25% in principal amount of the then outstanding 2013 Notes could declare the principal amount, and accrued and unpaid interest, on all outstanding 2013 Notes to be due and payable immediately as a result of such event of default, as of the date of this filing, no such remedies had been exercised as we continued to negotiate the terms of the amended exchange offer and a new support agreement with the members of the ad hoc group of holders of our 2011 and 2013 Notes. The event of default under the 2013 Notes Indenture also constituted an event of default under the Existing Credit Facility. As of November 24, 2010, any and all existing defaults and events of default that had arisen or may have arisen were cured.

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

The Company conducts a portion of its business through its subsidiaries. Certain of the Company's subsidiaries have fully and unconditionally guaranteed the Company's 12.5/15.0% Senior Subordinated Notes, the 6<sup>3</sup>/<sub>8</sub>% Senior Subordinated Notes and the Company's obligations under the Amended and Restated Credit Agreement.

**Note Payable**

Reach Media issued a \$1.0 million promissory note payable in November 2009 to Radio Networks, a subsidiary of Citadel. The note was issued in connection with Reach Media entering into a new sales representation agreement with Radio Networks. The note bears interest at 7.0% per annum, which is payable quarterly, and the entire principal amount is due on December 31, 2011.

Future scheduled minimum principal payments of debt as of December 31, 2010 are as follows:

	<b>Senior Subordinated Notes</b>	<b>Credit Facilities</b>	<b>Note Payable</b>
	(In thousands)		
2011	—	17,402	1,000
2012	—	336,279	—
2013	747	—	—
2014	—	—	—
2015	—	—	—
2016 and thereafter	286,794	—	—
<b>Total Debt</b>	<b>\$ 287,541</b>	<b>\$ 353,681</b>	<b>\$ 1,000</b>

## 10. INCOME TAXES:

The Company's provision for income taxes from continuing operations was approximately \$4.0 million for the year ended December 31, 2010, compared to a provision for income taxes of approximately \$7.0 million for the year ended December 31, 2009, and compared to a benefit from income taxes of \$45.2 million for 2008. A reconciliation of the statutory federal income taxes to the recorded benefit from and provision for income taxes from continuing operations is as follows:

	<b>For the Years Ended December 31,</b>		
	<b>2010</b>	<b>2009</b>	<b>2008</b>
	(In thousands)		
Statutory tax (@ 35% rate)	\$ (7,858)	\$ (13,905)	\$ (117,851)
Effect of state taxes, net of federal	(613)	(2,267)	(8,651)
Effect of state rate and tax law changes	101	255	—
Effect of equity adjustments including ASC 718	45	198	321
Internal Revenue Code (IRC) Section 162(m)	2,504	534	3,684
Interest disallowed under IRC Section 163(i)	765	—	—
Effect of permanent impairment of long-lived assets	5,735	—	10,429
Other permanent items	77	152	220
Valuation allowance	3,171	22,259	65,478
Other	44	(212)	1,187
Provision for (benefit from) income taxes	<u>\$ 3,971</u>	<u>\$ 7,014</u>	<u>\$ (45,183)</u>

The components of the benefit from and provision for income taxes from continuing operations are as follows:

	<b>For the Years Ended December 31,</b>		
	<b>2010</b>	<b>2009</b>	<b>2008</b>
	(In thousands)		
Federal:			
Current	\$ 2,199	\$ 3,834	\$ 4,186
Deferred	1,010	5,679	(42,805)
State:			
Current	461	1,184	301
Deferred	301	(3,683)	(6,865)
Provision for (benefit from) income taxes	<u>\$ 3,971</u>	<u>\$ 7,014</u>	<u>\$ (45,183)</u>

For the year ended December 31, 2010, the tax provision consisted of \$2.2 million for Reach Media, \$2.7 million for the increase in the deferred tax liability (DTL) associated with certain indefinite-lived intangibles, \$358,000 for state taxes and FIN 48 items, and a tax benefit of \$1.3 million for Reach Media purchase price accounting amortization. For the year ended December 31, 2009, the tax provision consisted of approximately \$4.5 million for Reach Media, \$4.8 million for the increase in the DTL associated with certain indefinite-lived intangibles, and \$94,000 for state taxes and FIN 48 items, which were offset by a \$1.4 million tax benefit for true-up items and a \$1.0 million benefit for Reach Media purchase price accounting amortization. The decrease of \$3.0 million consisted primarily of a \$2.3 million decrease for Reach Media due to a decline in book income. The tax benefit for December 31, 2008 of \$45.2 million was due primarily to a tax benefit related to impairments of certain indefinite-lived intangibles. The Company continues to maintain a full valuation allowance for its net deferred tax assets ("DTAs") other than DTAs for Reach Media.

The loss from discontinued operations for the year ended December 31, 2010 and the year ended December 31, 2009 did not result in any tax benefit due to the Company's valuation allowance. The provision for 2008 for discontinued operations related to the disposition of certain indefinite-lived intangibles from the sale of the Los Angeles and Miami stations. The components of the provision for income taxes from discontinued operations are as follows:

	<b>For the Years Ended December 31,</b>		
	<b>2010</b>	<b>2009</b>	<b>2008</b>
	(In thousands)		
Federal:			
Current	\$ —	\$ —	\$ —
Deferred	—	—	1,078
State:			
Current	—	—	(1,077)
Deferred	—	—	83
Provision for income taxes	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 84</u>



The significant components of the Company's deferred tax assets and liabilities as of December 31, 2010 and 2009 are as follows:

	<b>As of December 31,</b>	
	<b>2010</b>	<b>2009</b>
	<b>(In thousands)</b>	
Deferred tax assets:		
Allowance for doubtful accounts	\$ 1,180	\$ 1,095
Accruals	1,455	2,447
Total current deferred tax assets before valuation allowance	2,635	3,542
Valuation allowance	(2,456)	(3,365)
Total current deferred tax assets, net	179	177
Intangible assets	21,252	49,753
Fixed Assets	299	—
Stock-based compensation	1,803	1,857
Other accruals	—	—
Net operating loss carryforwards	208,805	181,344
Other	2,336	2,354
Total noncurrent deferred tax assets before valuation allowance	234,495	235,308
Valuation allowance	(227,903)	(224,654)
Net noncurrent deferred tax assets	6,592	10,654
Total deferred tax assets	<u>\$ 6,771</u>	<u>\$ 10,831</u>
Deferred tax liabilities:		
Prepaid expenses	(157)	(186)
Total current deferred tax liability	(157)	(186)
Intangible assets	(87,400)	(87,592)
Fixed Assets	—	(1,041)
Partnership interests	(7,956)	(9,496)
Other	(628)	(667)
Total noncurrent deferred tax liabilities	(95,984)	(98,796)
Total deferred tax liabilities	(96,141)	(98,982)
Net deferred tax liabilities	<u>\$ (89,370)</u>	<u>\$ (88,151)</u>

As of December 31, 2010, the Company had Federal, state, and city NOL carryforward amounts of approximately \$523.3 million, \$496.2 million, and \$67.0 million respectively. The state and city NOLs are applied separately from the Federal NOL as the Company generally files separate state and city returns for each subsidiary. Additionally, the amount of the state NOLs can change whenever future state apportionment factors differ from current factors. The NOLs may be subject to limitation under Internal Revenue Code Section 382. The NOLs begin to expire as early as 2011, with the final expirations in 2030.

Deferred income taxes reflect the impact of temporary differences between the assets and liabilities recognized for financial reporting purposes and amounts recognized for tax purposes. Deferred taxes are based on tax laws as currently enacted.

The Company had unrecognized tax benefits of approximately \$4.4 million related to state NOLs of approximately \$56.6 million as of December 31, 2010.

The Company concluded it was more likely than not that the benefit from certain of its DTAs would not be realized. The Company considered its historically profitable jurisdictions, its sources of future taxable income and tax planning strategies in determining the amount of valuation allowance recorded. As part of that assessment, the Company also determined that it was not appropriate under generally accepted accounting principles to benefit its DTAs based on DTLs related to indefinite-lived intangibles that cannot be scheduled to reverse in the same period. Because the DTL in this case would not reverse until some future indefinite period when the intangibles are either sold or impaired, any resulting temporary differences cannot be considered a source of future taxable income to support realization of the DTAs. As a result of the assessment, and given the current total three year cumulative loss position, the uncertainty of future taxable income and the feasibility of tax planning strategies, the Company recorded a valuation allowance of approximately \$230.4 million, \$228.0 million and \$205.8 million as of December 31, 2010, 2009 and 2008, respectively.

As disclosed in Note 1 — *Organization and Summary of Significant Accounting Policies*, the Company accounts for income taxes in accordance with ASC 740, “*Income Taxes*.” The nature of the uncertainties pertaining to our income taxes is primarily due to various state tax positions. As of December 31, 2010, we had unrecognized tax benefits of approximately \$5.8 million, of which a net amount of approximately \$3.8 million, if recognized, would impact the effective tax rate if there was no valuation allowance. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of tax expense. Accordingly, during the year ended December 31, 2010, we recorded interest related to unrecognized tax benefits of \$60,000, and at December 31, 2010, we had recorded a liability for accrued interest of \$265,000. The Company estimates the possible change to its unrecognized tax benefits prior to December 31, 2011 would be up to \$14,000, due to closed statutes. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
	(In thousands)		
Balance as of January 1	\$ 6,326	\$ 4,953	\$ 4,534
Additions (reductions) for tax position related to current year	(475)	82	134
Additions for tax positions related to prior years	-	1,525	457
Reductions for tax positions as a result of the lapse of applicable statutes of limitations	(29)	(234)	(172)
Balance as of December 31	<u>\$ 5,822</u>	<u>\$ 6,326</u>	<u>\$ 4,953</u>

As of December 31, 2010, the Company was not under audit in any jurisdiction for Federal or state income tax purposes. However, the Company’s open tax years for Federal income tax examinations include the tax years ended December 31, 2008 through 2010. Additionally, prior years are open to the extent of the amount of the net operating loss from that year. For state and local purposes, the open years for tax examinations include the tax years ended December 31, 2006 through 2010.

## 11. STOCKHOLDERS' EQUITY:

### *Common Stock*

The Company has four classes of common stock, Class A, Class B, Class C and Class D. Generally, the shares of each class are identical in all respects and entitle the holders thereof to the same rights and privileges. However, with respect to voting rights, each share of Class A Common Stock entitles its holder to one vote and each share of Class B Common Stock entitles its holder to ten votes. The holders of Class C and Class D Common Stock are not entitled to vote on any matters. The holders of Class A Common Stock can convert such shares into shares of Class C or Class D Common Stock. Subject to certain limitations, the holders of Class B Common Stock can convert such shares into shares of Class A Common Stock. The holders of Class C Common Stock can convert such shares into shares of Class A Common Stock. The holders of Class D Common Stock have no such conversion rights.

### *Stock Repurchase Program*

In March 2008, the Company's board of directors authorized a repurchase of shares of the Company's Class A and Class D Common Stock through December 31, 2009, in an amount of up to \$150.0 million, the maximum amount allowable under the Credit Agreement. The amount and timing of such repurchases was based on pricing, general economic and market conditions, and the restrictions contained in the agreements governing the Company's credit facilities and subordinated debt and certain other factors. While \$150.0 million is the maximum amount allowable under the Credit Agreement, in 2005, under a prior board authorization, the Company utilized approximately \$78.0 million to repurchase common stock leaving capacity of \$72.0 million under the Credit Agreement. During the year ended December 31, 2010, the Company did not repurchase any Class A Common Stock or Class D Common Stock. During the year ended December 31, 2009, the Company repurchased 34,889 shares of Class A Common Stock at an average price of \$0.68 and 27.7 million shares of Class D Common Stock at an average price of \$0.71. The Company did not have any capacity available to repurchase stock in 2010 since the authorization expired by its terms on December 31, 2009 and has not been renewed.

### *Stock Option and Restricted Stock Grant Plan*

Under the Company's 1999 Stock Option and Restricted Stock Grant Plan ("Plan"), the Company had the authority to issue up to 10,816,198 shares of Class D Common Stock and 1,408,099 shares of Class A Common Stock. The Plan expired March 10, 2009. The options previously issued under this plan are exercisable in installments determined by the compensation committee of the Company's board of directors at the time of grant. These options expire as determined by the compensation committee, but no later than ten years from the date of the grant. The Company uses an average life for all option awards. The Company settles stock options upon exercise by issuing stock.

A new stock option and restricted stock plan ("the 2009 Stock Plan") was approved by the stockholders at the Company's annual meeting on December 16, 2009. The terms of the 2009 Stock Plan are substantially similar to the prior Plan. The Company has the authority to issue up to 8,250,000 shares of Class D Common Stock under the 2009 Stock Plan. As of December 31, 2010, 5,050,570 shares of Class D Common Stock were available for grant under the 2009 Stock Plan.

The compensation committee and the non-executive members of the Board of Directors approved a long-term incentive plan (the "2009 LTIP") for certain "key" employees of the Company. The purpose of the 2009 LTIP was to retain and incent these "key" employees in light of sacrifices they made as a result of the cost savings initiatives in response to current economic conditions. These sacrifices included not receiving performance-based bonuses in 2008 and salary reductions and shorter work weeks in 2009 in order to provide expense savings and financial flexibility to the Company. The 2009 LTIP is comprised of 3,250,000 shares (the "LTIP Shares") of the 2009 Stock Plan's 8,250,000 shares of Class D Common Stock. Awards of the LTIP Shares were granted in the form of restricted stock and allocated among 31 employees of the Company, including the named executive officers. The named executive officers were allocated LTIP Shares as follows: (i) Chief Executive Officer ("CEO") (1.0 million shares); (ii) the Chairperson (300,000 shares); (iii) the Chief Financial Officer ("CFO") (225,000 shares); (iv) the Chief Administrative Officer ("CAO") (225,000 shares); and (v) the President of the Radio Division ("PRD") (130,000 shares). The remaining 1,370,000 shares were allocated among 26 other "key" employees. All awards will vest in three installments. The awards were granted effective January 5, 2010 and the first installment of 33% vested on June 5, 2010. The remaining two installments will vest equally on June 5, 2011 and June 5, 2012. Pursuant to the terms of the 2009 Stock Plan, subject to the Company's insider trading policy, a portion of each recipient's vested shares may be sold into the open market for tax purposes on or about the vesting dates.

The Company follows the provisions under ASC 718, “*Compensation - Stock Compensation*,” using the modified prospective method, which requires measurement of compensation cost for all stock-based awards at fair value on date of grant and recognition of compensation over the service period for awards expected to vest. These stock-based awards do not participate in dividends until fully vested. The fair value of stock options is determined using the Black-Scholes (“BSM”) valuation model. Such fair value is recognized as an expense over the service period, net of estimated forfeitures, using the straight-line method. Estimating the number of stock awards that will ultimately vest requires judgment, and to the extent actual forfeitures differ substantially from our current estimates, amounts will be recorded as a cumulative adjustment in the period the estimated number of stock awards are revised. We consider many factors when estimating expected forfeitures, including the types of awards, employee classification and historical experience. Actual forfeitures may differ substantially from our current estimate.

The Company also uses the BSM valuation model to calculate the fair value of stock-based awards. The BSM incorporates various assumptions including volatility, expected life, and interest rates. For options granted, the Company uses the BSM option-pricing model and determines: (i) the term by using the simplified “plain-vanilla” method as allowed under SAB No. 110; (ii) a historical volatility over a period commensurate with the expected term, with the observation of the volatility on a daily basis; and (iii) a risk-free interest rate that was consistent with the expected term of the stock options and based on the U.S. Treasury yield curve in effect at the time of the grant.

The Company granted 39,430 stock options during the year ended December 31, 2010, did not grant stock options during the year ended December 31, 2009, and granted 1,913,650 stock options during the year ended December 31, 2008. The per share weighted-average fair value of options granted during the years ended December 31, 2010 and 2008 was \$2.45 and \$0.74, respectively.

These fair values were derived using the BSM with the following weighted-average assumptions:

	<b>For the Years Ended December 31,</b>		
	<b>2010</b>	<b>2009</b>	<b>2008</b>
Average risk-free interest rate	3.28%	—	3.37%
Expected dividend yield	0.00%	—	0.00%
Expected lives	6.25 years	—	6.5 years
Expected volatility	111.27%	—	49.7%

Transactions and other information relating to stock options for the years December 31, 2010, 2009 and 2008 are summarized below:

	Number of Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2007	4,384,000	\$ 14.05	—	—
Grants	1,913,000	\$ 1.41		
Exercised	—	\$ —		
Forfeited/cancelled/expired	(750,000)	\$ 14.32		
Outstanding at December 31, 2008	5,547,000	\$ 9.64	—	—
Grants	—	\$ —		
Exercised	—	\$ —		
Forfeited/cancelled/expired	(182,000)	\$ 9.68		
Outstanding at December 31, 2009	5,365,000	\$ 9.64	—	—
Grants	39,000	\$ 3.17		
Exercised	—	\$ —		
Forfeited/cancelled/expired	(405,000)	\$ 11.57		
Outstanding at December 31, 2010	4,999,000	\$ 9.40	5.04	\$ —
Vested and expected to vest at December 31, 2010	4,875,000	\$ 9.60	4.98	\$ —
Unvested at December 31, 2010	673,000	\$ 1.74	7.47	\$ —
Exercisable at December 31, 2010	4,326,000	\$ 10.60	4.66	\$ —

The aggregate intrinsic value in the table above represents the difference between the Company's stock closing price on the last day of trading during the year ended December 31, 2010 and the exercise price, multiplied by the number of shares that would have been received by the holders of in-the-money options had all the option holders exercised their options on December 31, 2010. This amount changes based on the fair market value of the Company's stock. There were no options exercised during year ended December 31, 2010. The number of options that vested during the year ended December 31, 2010 was 699,406.

As of December 31, 2010, approximately \$227,000 of total unrecognized compensation cost related to stock options is expected to be recognized over a weighted-average period of 3.3 months. The stock option weighted-average fair value per share was \$4.11 at December 31, 2010.

Transactions and other information relating to restricted stock grants for the years ended December 31, 2010, 2009 and 2008 are summarized below:

	Shares	Average Fair Value at Grant Date
Unvested at December 31, 2007	232,000	\$ 6.20
Grants	525,000	\$ 1.41
Vested	(84,000)	\$ 5.05
Forfeited/cancelled/expired	(45,000)	\$ 7.33
Unvested at December 31, 2008	628,000	\$ 2.14
Grants	—	\$ —
Vested	(235,000)	\$ 2.48
Forfeited/cancelled/expired	—	\$ —
Unvested at December 31, 2009	393,000	\$ 1.94
Grants	3,375,000	\$ 3.09
Vested	(1,226,000)	\$ 3.01
Forfeited/cancelled/expired	(232,000)	\$ 3.23
Unvested at December 31, 2010	2,310,000	\$ 2.92

The restricted stock grants were included in the Company's outstanding share numbers on the effective date of grant. As of December 31, 2010, \$4.9 million of total unrecognized compensation cost related to restricted stock grants was expected to be recognized over the next 1.1 years.

## 12. RELATED PARTY TRANSACTIONS:

In 2000, an officer of the Company, the former Chief Financial Officer ("Former CFO"), purchased shares of the Company's common stock. The Former CFO purchased 333,334 shares of the Company's Class A common stock and 666,666 shares of the Company's Class D common stock. The stock was purchased with the proceeds of full recourse loans from the Company in the amount of approximately \$7.0 million. In September 2005, the Former CFO repaid a portion of his loan. The partial repayment of approximately \$7.5 million, which included accrued interest, was effected using 300,000 shares of the Company's Class A common stock and 230,000 shares of the Company's Class D common stock owned by the Former CFO. All shares transferred to the Company in satisfaction of this loan have been retired. As of December 31, 2008, there was no remaining principal and interest balance on the Former CFO's loan. The Former CFO was employed with the Company through December 31, 2007, and pursuant to an agreement with the Company, the loan became due in full in July 2008. Pursuant to his employment agreement, the Former CFO was eligible to receive a retention bonus in the amount of approximately \$3.1 million in cash on July 1, 2008, for having remained employed with the Company through December 31, 2007. The \$3.1 million retention bonus was a pro rata portion of a \$7.0 million retention bonus called for in his employment agreement, had he remained employed with the Company for ten years, and is based on the number of days of employment between October 18, 2005 and December 31, 2007. In July 2008, the Former CFO settled the remaining balance of the loan in full by offsetting the loan with his after-tax proceeds from the \$3.1 million retention bonus, in addition to paying a cash amount of \$34,000 to the Company.

As of December 31, 2007, the Company had an additional loan outstanding to the Former CFO in the amount of \$88,000. The loan was due on demand and accrued interest at 5.6%, totaling an amount of \$53,000 as of December 31, 2007. In January 2008, the former CFO repaid the full remaining balance of the loan in cash in the amount of \$140,000.

In July 2007, the Company acquired the assets of WDBZ-AM, a radio station located in the Cincinnati metropolitan area, from Blue Chip Communications, Inc. ("Blue Chip") for approximately \$2.6 million in seller financing. The financing was a 5.1% interest bearing loan payable monthly, which was fully paid in July 2008. In addition to the principal repayment, interest in the amount of \$15,000 and \$79,000 was paid for the years ended December 31, 2008 and 2007, respectively. Blue Chip was owned by L. Ross Love, a former member of the Company's board of directors. The transaction was approved by a special committee of independent directors appointed by the board of directors. Additionally, the Company retained an independent valuation firm to provide a fair value appraisal of the station. Prior to the closing, and since August of 2001, the Company consolidated WDBZ-AM within its existing Cincinnati operations, and operated WDBZ-AM under a LMA for no annual fee, the results of which were incorporated in the Company's financial statements.

The Company's CEO and Chairperson own a music company called Music One, Inc. ("Music One"). The Company sometimes engages in promoting the recorded music product of Music One. Based on the cross-promotional value received by the Company, we believe that the provision of such promotion is fair. During the years ended December 31, 2010, 2009 and 2008, Radio One paid \$6,000, \$38,000 and \$151,000, respectively, to or on behalf of Music One, primarily for market talent event appearances, travel reimbursement and sponsorships. For the years ended December 31, 2010, 2009 and 2008, the Company provided advertising to Music One in the amount of \$0, \$0 and \$61,000, respectively. There were no cash, trade or no-charge orders placed by Music One in 2010 or 2009. As of December 31, 2010, Music One owed Radio One \$124,000 for office space and administrative services provided.

The office space and administrative support transactions between Radio One and Music One are conducted at cost and all expenses associated with the transactions are passed through at actual costs. Costs associated with office space on behalf of Music One are calculated based on square footage used by Music One multiplied by Radio One's actual per square foot lease costs for the appropriate time period. Administrative services are calculated based on the approximate hours provided by each Radio One employee to Music One multiplied by such employee's applicable hourly rate and related benefits allocation. Advertising spots are priced at an average unit rate. Based on the cross-promotional nature of the activities provided by Music One and received by the Company, we believe that these methodologies of charging average unit rates or passing through the actual costs incurred are fair and reflect terms no less favorable than terms generally available to a third-party.

### **13. PROFIT SHARING AND EMPLOYEE SAVINGS PLAN:**

The Company maintains a profit sharing and employee savings plan under Section 401(k) of the Internal Revenue Code. This plan allows eligible employees to defer allowable portions of their compensation on a pre-tax basis through contributions to the savings plan. The Company may contribute to the plan at the discretion of its board of directors. Effective January 1, 2006, the Company began matching employee contributions to the employee savings plan. As of January 1, 2008, the Company suspended the matching employer contribution indefinitely. For the years ended December 31, 2010, 2009 and 2008, no employer contributions were paid.

### **14. COMMITMENTS AND CONTINGENCIES:**

#### ***Radio Broadcasting Licenses***

Each of the Company's radio stations operates pursuant to one or more licenses issued by the Federal Communications Commission that have a maximum term of eight years prior to renewal. The Company's radio broadcasting licenses expire at various times through August 1, 2014. Although the Company may apply to renew its radio broadcasting licenses, third parties may challenge the Company's renewal applications. The Company is not aware of any facts or circumstances that would prevent the Company from having its current licenses renewed.

#### ***TV One Cable Network***

Pursuant to a limited liability company agreement dated July 18, 2003, the Company and certain other investors formed TV One for the purpose of developing and distributing a new television programming service. At that time, we committed to make a cumulative cash investment in TV One of \$74.0 million, of which \$60.3 million had been funded as of April 30, 2007, with no additional funding investment made since then. Since December 31, 2006, the initial four year commitment period for funding the capital has been extended on a quarterly basis due in part to TV One's lower than anticipated capital needs during the initial commitment period. Currently, the commitment period has been extended to April 1, 2011. We anticipate funding our remaining capital commitment amounts at or about that time.

#### ***Royalty Agreements***

Effective December 31, 2009, our radio music license agreements with the two largest performance rights organizations, American Society of Composers, Authors and Publishers ("ASCAP") and Broadcast Music, Inc. ("BMI"), expired. The Radio Music License Committee ("RMLC"), which negotiates music licensing fees for most of the radio industry with ASCAP and BMI, had reached an agreement with these organizations on a temporary fee schedule that reflects a provisional discount of 7.0% against 2009 fee levels. The temporary fee reductions became effective in January 2010. Absent an agreement on long-term fees between the RMLC and ASCAP and BMI, the U.S. District Court in New York has the authority to make an interim and permanent fee ruling for the new contract period. In May 2010 and June 2010, the U.S. District Court's judge charged with determining the licenses fees ruled to further reduce interim fees paid to ASCAP and BMI, respectively, down approximately another 11.0% from the previous temporary fees negotiated with the RMLC.

The Company has entered into fixed fee and variable share agreements with music performance rights organizations that expire as late as 2015. During the years ended December 31, 2010, 2009 and 2008, the Company incurred expenses, including discontinued operations, of approximately \$11.4 million, \$12.6 million and \$12.2 million, respectively, in connection with these agreements. For continuing operations, for the years ended December 31, 2010, 2009 and 2008, the Company incurred expenses of approximately \$11.4 million, \$12.6 million and \$11.8 million, respectively, in connection with these agreements.

### ***Leases and Other Operating Contracts and Agreements***

The Company has noncancelable operating leases for office space, studio space, broadcast towers and transmitter facilities that expire over the next 20 years. The Company's leases for broadcast facilities generally provide for a base rent plus real estate taxes and certain operating expenses related to the leases. Certain of the Company's leases contain renewal options, escalating payments over the life of the lease and rent concessions. Scheduled rent increases and rent concessions are being amortized over the terms of the agreements using the straight-line method, and are included in other liabilities in the accompanying consolidated balance sheets. The future rentals under non-cancelable leases as of December 31, 2010 are shown below.

The Company has other operating contracts and agreements including employment contracts, on-air talent contracts, severance obligations, retention bonuses, consulting agreements, equipment rental agreements, programming related agreements, and other general operating agreements that expire over the next five years. The amounts the Company is obligated to pay for these agreements are shown below.

	<b>Operating Lease Payments</b>	<b>Other Operating Contracts and Agreements</b>
	<b>(In thousands)</b>	
Years ending December 31:		
2011	\$ 8,485	\$ 37,041
2012	6,334	27,603
2013	4,866	12,558
2014	3,966	11,092
2015	2,803	59
2016 and thereafter	10,780	201
Total	<u>\$ 37,234</u>	<u>\$ 88,554</u>

Rent expense included in continuing operations for the years ended December 31, 2010, 2009 and 2008 was approximately \$8.1 million, \$8.8 million and \$8.9 million, respectively. Rent expense, including discontinued operations, for the years ended December 31, 2010, 2009 and 2008 was approximately \$8.1 million, \$8.8 million and \$9.0 million, respectively.

### ***Reach Media Noncontrolling Interest Shareholders' Put Rights***

Beginning on February 28, 2012, the noncontrolling interest shareholders of Reach Media have an annual right to require Reach Media to purchase all or a portion of their shares at the then current fair market value for such shares. Beginning in 2012, this annual right can be exercised for a 30-day period beginning February 28 of each year. The purchase price for such shares may be paid in cash and/or registered Class D Common Stock of Radio One, at the discretion of Radio One. As a result, our ability to fund business operations, new acquisitions or new business initiatives could be limited.

### ***Letters of Credit***

As of December 31, 2010, we had three standby letters of credit totaling \$610,000 in connection with our annual insurance policy renewals. In addition, we had a letter of credit of \$500,000 for Reach Media in connection with an upcoming event.

### ***Other Contingencies***

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

## **15. CONTRACT TERMINATION:**

In connection with the September 2005 termination of the Company's sales representation agreements with Interep National Radio Sales, Inc. ("Interep"), and its subsequent agreements with Katz Communications, Inc. ("Katz") making Katz the Company's sole national sales representative, Katz paid the Company \$3.4 million as an inducement to enter into new agreements and paid Interep approximately \$5.3 million to satisfy the Company's termination obligations. In August 2009, the Company completed amortizing both over the four-year life of the subsequent Katz agreements as a reduction to selling, general, and administrative expense. For each of the years ended December 31, 2010, 2009 and 2008, selling, general and administrative expense was reduced by \$0, approximately \$1.3 million and \$1.9 million, respectively.



16. QUARTERLY FINANCIAL DATA (UNAUDITED):

	Quarters Ended			
	March 31	June 30	September 30	December 31 (a)
(In thousands, except share data)				
2010:				
Net revenue	\$ 59,018	\$ 75,194	\$ 74,491	\$ 71,203
Operating income (loss)	3,809	13,798	17,293	(19,787)
Net (loss) income from continuing operations	(4,660)	2,638	2,173	(26,571)
Net income (loss) from discontinued operations	63	(144)	(125)	1
Consolidated net (loss) income attributable to common stockholders	(4,568)	2,048	1,038	(27,151)
BASIC NET (LOSS) INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS				
Net (loss) income from continuing operations per share	\$ (0.09)	\$ 0.04	\$ 0.02	\$ (0.52)
Net (loss) income from discontinued operations per share	(0.00)	(0.00)	(0.00)	0.00
Consolidated net (loss) income per share attributable to common stockholders	\$ (0.09)	\$ 0.04	\$ 0.02	\$ (0.52)
DILUTED NET (LOSS) INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS				
Net (loss) income from continuing operations per share	\$ (0.09)	\$ 0.04	\$ 0.02	\$ (0.52)
Net (loss) income from discontinued operations per share	(0.00)	(0.00)	(0.00)	0.00
Consolidated net (loss) income per share attributable to common stockholders	\$ (0.09)	\$ 0.04	\$ 0.02	\$ (0.52)
WEIGHTED AVERAGE SHARES OUTSTANDING				
Weighted average shares outstanding — basic	50,844,148	51,054,572	52,064,108	52,087,460
Weighted average shares outstanding — diluted	50,844,148	54,302,885	54,262,885	52,087,460

(a) The net loss from continuing operations for the quarter ended December 31, 2010 includes approximately \$36.1 million of pre-tax impairment of goodwill and broadcast licenses.

	Quarters Ended			
	March 31(a)	June 30	September 30	December 31(a)
(In thousands, except share data)				
2009:				
Net revenue	\$ 60,310	\$ 69,874	\$ 74,652	\$ 67,258
Operating (loss) income	(42,821)	18,823	22,352	(4,590)
Net (loss) income from continuing operations	(59,103)	7,627	14,315	(13,909)
Net loss from discontinued operations	(334)	(412)	(90)	(979)
Consolidated net (loss) income attributable to common stockholders	(59,437)	7,215	14,225	(14,888)
BASIC NET (LOSS) INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS				
Net (loss) income from continuing operations per share	\$ (0.84)	\$ 0.13	\$ 0.25	\$ (0.26)
Net loss from discontinued operations per share	(0.00)	(0.01)	(0.00)	(0.02)
Consolidated net (loss) income per share attributable to common stockholders	\$ (0.84)	\$ 0.12	\$ 0.25	\$ (0.28)
DILUTED NET (LOSS) INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS				
Net (loss) income from continuing operations per share	\$ (0.84)	\$ 0.13	\$ 0.25	\$ (0.26)
Net loss from discontinued operations per share	(0.00)	(0.01)	(0.00)	(0.02)
Consolidated net (loss) income per share attributable to common stockholders	\$ (0.84)	\$ 0.12	\$ 0.25	\$ (0.28)
WEIGHTED AVERAGE SHARES OUTSTANDING				
Weighted average shares outstanding — basic	70,719,332	59,421,562	56,242,964	52,735,892
Weighted average shares outstanding — diluted	70,719,332	60,034,168	56,684,369	52,735,892

(a) The net loss from continuing operations for the quarters ended March 31, 2009 and December 31, 2009 includes approximately \$49.0 million and \$17.0 million of pre-tax impairment of long-lived assets, respectively. The quarter ended December 31, 2009 includes an approximate \$21.9 million charge for recording a valuation allowance against deferred tax assets.

## 17. SEGMENT INFORMATION:

The Company has two reportable segments: (i) Radio Broadcasting; and (ii) Internet. These two segments operate in the United States and are consistently aligned with the Company's management of its businesses and its financial reporting structure.

The Radio Broadcasting segment consists of all broadcast and Reach Media results of operations. The Internet segment includes the results of our online business, including the operations of Interactive One. Corporate/Eliminations/Other represents financial activity associated with our corporate staff and offices, intercompany activity between the two segments and activity associated with a small film venture.

Operating loss or income represents total revenues less operating expenses, depreciation and amortization, and impairment of long-lived assets. Intercompany revenue earned and expenses charged between segments are recorded at fair value and eliminated in consolidation.

The accounting policies described in the summary of significant accounting policies in Note 1 – *Organization and Summary of Significant Accounting Policies* are applied consistently across the two segments.

Detailed segment data for the years ended December 31, 2010, 2009 and 2008 is presented in the following table:

	<b>For the Years Ended December 31,</b>		
	<b>2010</b>	<b>2009</b>	<b>2008</b>
	<b>(In thousands)</b>		
<b>Net Revenue:</b>			
Radio Broadcasting	\$ 271,273	\$ 264,058	\$ 304,976
Internet	16,027	14,044	12,325
Corporate/Eliminations/Other	(7,394)	(6,010)	(3,858)
Consolidated	<u>\$ 279,906</u>	<u>\$ 272,092</u>	<u>\$ 313,443</u>
<b>Operating Expenses (including stock-based compensation):</b>			
Radio Broadcasting	\$ 170,917	\$ 157,777	\$ 175,706
Internet	22,737	23,046	19,002
Corporate/Eliminations/Other	17,636	10,560	24,060
Consolidated	<u>\$ 211,290</u>	<u>\$ 191,383</u>	<u>\$ 218,768</u>
<b>Depreciation and Amortization:</b>			
Radio Broadcasting	\$ 11,383	\$ 13,364	\$ 13,483
Internet	4,942	6,408	4,159
Corporate/Eliminations/Other	1,114	1,239	1,380
Consolidated	<u>\$ 17,439</u>	<u>\$ 21,011</u>	<u>\$ 19,022</u>
<b>Impairment of Long-Lived Assets:</b>			
Radio Broadcasting	\$ 36,063	\$ 65,937	\$ 423,220
Internet	-	-	-
Corporate/Eliminations/Other	-	-	-
Consolidated	<u>\$ 36,063</u>	<u>\$ 65,937</u>	<u>\$ 423,220</u>
<b>Operating income (loss):</b>			
Radio Broadcasting	\$ 52,910	\$ 26,980	\$ (307,433)
Internet	(11,652)	(15,410)	(10,836)
Corporate/Eliminations/Other	(26,144)	(17,809)	(29,298)
Consolidated	<u>\$ 15,114</u>	<u>\$ (6,239)</u>	<u>\$ (347,567)</u>
<b>As of</b>			
<b>December 31, 2010      December 31, 2009</b>			
<b>(In thousands)</b>			
<b>Total Assets:</b>			
Radio Broadcasting	\$ 894,160	\$ 921,946	
Internet/Publishing		33,698	37,784
Corporate/Eliminations/Other		71,354	75,812
Consolidated	<u>\$ 999,212</u>	<u>\$ 1,035,542</u>	

## 18. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS:

The Company conducts a portion of its business through its subsidiaries. All of the Company's Subsidiary Guarantors have fully and unconditionally guaranteed the Company's 8<sup>7</sup>/<sub>8</sub>% Senior Subordinated Notes due July 2011, the 6<sup>3</sup>/<sub>8</sub>% Senior Subordinated Notes due February 2013, the 12<sup>1</sup>/<sub>2</sub>%/15% Senior Subordinated Notes due May 2016, and the Company's obligations under the Amended and Restated Credit Agreement.

Set forth below are consolidated balance sheets for the Company and the Subsidiary Guarantors as of December 31, 2010 and 2009, and related consolidated statements of operations and cash flow for each of the three years ended December 31, 2010. The equity method of accounting has been used by the Company to report its investments in subsidiaries. Separate financial statements for the Subsidiary Guarantors are not presented based on management's determination that they do not provide additional information that is material to investors.

### RADIO ONE, INC. AND SUBSIDIARIES CONSOLIDATING BALANCE SHEETS As of December 31, 2010

	<u>Combined Guarantor Subsidiaries</u>	<u>Radio One, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
	(In thousands)			
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 1,043	\$ 8,149	\$ -	\$ 9,192
Trade accounts receivable, net of allowance for doubtful accounts	30,511	28,000	-	58,511
Prepaid expenses and other current assets	1,331	7,050	-	8,381
Current assets from discontinued operations	(61)	128	-	67
Total current assets	32,824	43,327	-	76,151
PROPERTY AND EQUIPMENT, net	19,811	13,649	-	33,460
INTANGIBLE ASSETS, net	568,802	271,345	-	840,147
INVESTMENT IN SUBSIDIARIES	-	609,199	(609,199)	-
INVESTMENT IN AFFILIATED COMPANY	-	47,470	-	47,470
OTHER ASSETS	497	1,484	-	1,981
NON-CURRENT ASSETS FROM DISCONTINUED OPERATIONS	3	-	-	3
Total assets	<u>\$ 621,937</u>	<u>\$ 986,474</u>	<u>\$ (609,199)</u>	<u>\$ 999,212</u>
<b>LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND STOCKHOLDERS' EQUITY</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	\$ 413	\$ 2,598	\$ -	\$ 3,011
Accrued interest	-	4,558	-	4,558
Accrued compensation and related benefits	2,331	8,389	-	10,720
Income taxes payable	-	1,671	-	1,671
Other current liabilities	8,404	3,321	-	11,725
Current portion of long-term debt	-	18,402	-	18,402
Current liabilities from discontinued operations	22	(10)	-	12
Total current liabilities	11,170	38,929	-	50,099
LONG-TERM DEBT, net of current portion	-	623,820	-	623,820
OTHER LONG-TERM LIABILITIES	1,568	9,363	-	10,931
DEFERRED TAX LIABILITIES	-	89,392	-	89,392
Total liabilities	<u>12,738</u>	<u>761,504</u>	<u>-</u>	<u>774,242</u>
REDEEMABLE NONCONTROLLING INTERESTS	<u>-</u>	<u>30,635</u>	<u>-</u>	<u>30,635</u>
<b>STOCKHOLDERS' EQUITY:</b>				
Common stock	-	54	-	54
Accumulated comprehensive income adjustments	-	(1,424)	-	(1,424)
Additional paid-in capital	237,515	994,750	(237,515)	994,750
Retained earnings (accumulated deficit)	371,684	(799,045)	(371,684)	(799,045)
Total stockholders' equity	<u>609,199</u>	<u>194,335</u>	<u>(609,199)</u>	<u>194,335</u>
Total liabilities, redeemable noncontrolling interests and stockholders' equity	<u>\$ 621,937</u>	<u>\$ 986,474</u>	<u>\$ (609,199)</u>	<u>\$ 999,212</u>

**RADIO ONE, INC. AND SUBSIDIARIES**  
**CONSOLIDATING BALANCE SHEETS**  
**As of December 31, 2009**

	<u>Combined Guarantor Subsidiaries</u>	<u>Radio One, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
(In thousands)				
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 127	\$ 19,836	\$ -	\$ 19,963
Trade accounts receivable, net of allowance for doubtful accounts	27,934	19,085	-	47,019
Prepaid expenses and other current assets	1,818	3,132	-	4,950
Current assets from discontinued operations	300	124	-	424
Total current assets	<u>30,179</u>	<u>42,177</u>	<u>-</u>	<u>72,356</u>
PROPERTY AND EQUIPMENT, net	23,429	17,156	-	40,585
INTANGIBLE ASSETS, net	572,449	298,772	-	871,221
INVESTMENT IN SUBSIDIARIES	-	610,712	(610,712)	-
INVESTMENT IN AFFILIATED COMPANY	-	48,452	-	48,452
OTHER ASSETS	1,482	1,372	-	2,854
NON-CURRENT ASSETS FROM DISCONTINUED OPERATIONS	74	-	-	74
Total assets	<u>\$ 627,613</u>	<u>\$ 1,018,641</u>	<u>\$ (610,712)</u>	<u>\$ 1,035,542</u>
<b>LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND STOCKHOLDERS' EQUITY</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	\$ 828	\$ 3,332	\$ -	\$ 4,160
Accrued interest	-	9,499	-	9,499
Accrued compensation and related benefits	2,659	7,590	-	10,249
Income taxes payable	-	1,533	-	1,533
Other current liabilities	8,007	(771)	-	7,236
Current portion of long-term debt	-	652,534	-	652,534
Current liabilities from discontinued operations	2,924	25	-	2,949
Total current liabilities	<u>14,418</u>	<u>673,742</u>	<u>-</u>	<u>688,160</u>
LONG-TERM DEBT, net of current portion	-	1,000	-	1,000
OTHER LONG-TERM LIABILITIES	2,483	7,702	-	10,185
DEFERRED TAX LIABILITIES	-	88,144	-	88,144
Total liabilities	<u>16,901</u>	<u>770,588</u>	<u>-</u>	<u>787,489</u>
REDEEMABLE NONCONTROLLING INTERESTS	-	52,225	-	52,225
<b>STOCKHOLDERS' EQUITY:</b>				
Common stock	-	51	-	51
Accumulated comprehensive income adjustments	-	(2,086)	-	(2,086)
Additional paid-in capital	270,985	968,275	(270,985)	968,275
Retained earnings (accumulated deficit)	339,727	(770,412)	(339,727)	(770,412)
Total stockholders' equity	<u>610,712</u>	<u>195,828</u>	<u>(610,712)</u>	<u>195,828</u>
Total liabilities, redeemable noncontrolling interests and stockholders' equity	<u>\$ 627,613</u>	<u>\$ 1,018,641</u>	<u>\$ (610,712)</u>	<u>\$ 1,035,542</u>

**RADIO ONE, INC. AND SUBSIDIARIES**  
**CONSOLIDATING STATEMENTS OF OPERATIONS**  
**For the Year Ended December 31, 2010**

	<u>Combined Guarantor Subsidiaries</u>	<u>Radio One, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
	(In thousands)			
NET REVENUE	\$ 135,058	\$ 144,848	\$ -	\$ 279,906
OPERATING EXPENSES:				
Programming and technical, including stock-based compensation	34,399	40,645	-	75,044
Selling, general and administrative, including stock-based compensation	58,963	44,361	-	103,324
Corporate selling, general and administrative, including stock-based compensation	-	32,922	-	32,922
Depreciation and amortization	9,879	7,560	-	17,439
Impairment of long-lived assets	-	36,063	-	36,063
Total operating expenses	<u>103,241</u>	<u>161,551</u>	<u>-</u>	<u>264,792</u>
Operating income (loss)	31,817	(16,703)	-	15,114
INTEREST INCOME	-	127	-	127
INTEREST EXPENSE	-	46,834	-	46,834
EQUITY IN INCOME OF AFFILIATED COMPANY	-	5,558	-	5,558
GAIN ON RETIREMENT OF DEBT	-	6,646	-	6,646
OTHER INCOME (EXPENSE)	142	(3,203)	-	(3,061)
Income (Loss) before provision for income taxes, noncontrolling interests in income of subsidiaries and discontinued operations	31,959	(54,409)	-	(22,450)
PROVISION FOR INCOME TAXES	-	3,971	-	3,971
Net income (loss) before equity in income of subsidiaries and discontinued operations	31,959	(58,380)	-	(26,421)
EQUITY IN INCOME OF SUBSIDIARIES	-	31,957	(31,957)	-
Net income (loss) from continuing operations	31,959	(26,423)	(31,957)	(26,421)
LOSS FROM DISCONTINUED OPERATIONS, net of tax	(2)	(202)	-	(204)
Net income (loss)	31,957	(26,625)	(31,957)	(26,625)
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	-	2,008	-	2,008
Net income (loss) attributable to Radio One, Inc.	<u>\$ 31,957</u>	<u>\$ (28,633)</u>	<u>\$ (31,957)</u>	<u>\$ (28,633)</u>

**RADIO ONE, INC. AND SUBSIDIARIES**  
**CONSOLIDATING STATEMENTS OF OPERATIONS**  
**For the Year Ended December 31, 2009**

	<u>Combined Guarantor Subsidiaries</u>	<u>Radio One, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
			(In thousands)	
NET REVENUE	\$ 124,672	\$ 147,420	\$ -	\$ 272,092
OPERATING EXPENSES:				
Programming and technical, including stock-based compensation	34,654	40,981	-	75,635
Selling, general and administrative, including stock-based compensation	53,830	37,186	-	91,016
Corporate selling, general and administrative, including stock-based compensation	-	24,732	-	24,732
Depreciation and amortization	11,960	9,051	-	21,011
Impairment of long-lived assets	50,933	15,004	-	65,937
Total operating expenses	<u>151,377</u>	<u>126,954</u>	<u>-</u>	<u>278,331</u>
Operating (loss) income	(26,705)	20,466	-	(6,239)
INTEREST INCOME	-	144	-	144
INTEREST EXPENSE	3	38,401	-	38,404
EQUITY IN INCOME OF AFFILIATED COMPANY	-	3,653	-	3,653
GAIN ON RETIREMENT OF DEBT	-	1,221	-	1,221
OTHER INCOME (EXPENSE)	36	(140)	-	(104)
Loss before provision for income taxes, noncontrolling interests in income of subsidiaries and discontinued operations	(26,672)	(13,057)	-	(39,729)
PROVISION FOR INCOME TAXES	-	7,014	-	7,014
Net loss before equity in loss of subsidiaries and discontinued operations	(26,672)	(20,071)	-	(46,743)
EQUITY IN LOSS OF SUBSIDIARIES	-	(28,579)	28,579	-
Net loss from continuing operations	(26,672)	(48,650)	28,579	(46,743)
(LOSS) INCOME FROM DISCONTINUED OPERATIONS, net of tax	(1,907)	92	-	(1,815)
Net loss	(28,579)	(48,558)	28,579	(48,558)
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	-	4,329	-	4,329
Net loss attributable to Radio One, Inc.	<u>\$ (28,579)</u>	<u>\$ (52,887)</u>	<u>\$ 28,579</u>	<u>\$ (52,887)</u>

**RADIO ONE, INC. AND SUBSIDIARIES**  
**CONSOLIDATING STATEMENTS OF OPERATIONS**  
**For the Year Ended December 31, 2008**

	<u>Combined Guarantor Subsidiaries</u>	<u>Radio One, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
(In thousands)				
NET REVENUE	\$ 142,933	\$ 170,510	\$ -	\$ 313,443
OPERATING EXPENSES:				
Programming and technical, including stock-based compensation	35,697	43,607	-	79,304
Selling, general and administrative, including stock-based compensation	56,768	46,340	-	103,108
Corporate selling, general and administrative, including stock-based compensation	-	36,356	-	36,356
Depreciation and amortization	9,929	9,093	-	19,022
Impairment of long-lived assets	328,971	94,249	-	423,220
Total operating expenses	<u>431,365</u>	<u>229,645</u>	<u>-</u>	<u>661,010</u>
Operating loss	(288,432)	(59,135)	-	(347,567)
INTEREST INCOME	4	487	-	491
INTEREST EXPENSE	24	59,665	-	59,689
EQUITY IN LOSS OF AFFILIATED COMPANY	-	(3,652)	-	(3,652)
GAIN ON RETIREMENT OF DEBT	-	74,017	-	74,017
OTHER EXPENSE	-	(316)	-	(316)
Loss before provision for income taxes, noncontrolling interests in income of subsidiaries and discontinued operations	(288,452)	(48,264)	-	(336,716)
(BENEFIT FROM) PROVISION FOR INCOME TAXES	(56,025)	10,842	-	(45,183)
Net loss before equity in loss of subsidiaries and discontinued operations	<u>(232,427)</u>	<u>(59,106)</u>	<u>-</u>	<u>(291,533)</u>
EQUITY IN LOSS OF SUBSIDIARIES	-	(234,470)	234,470	-
Net loss from continuing operations	(232,427)	(293,576)	234,470	(291,533)
LOSS FROM DISCONTINUED OPERATIONS, net of tax	<u>(2,043)</u>	<u>(5,371)</u>	<u>-</u>	<u>(7,414)</u>
Net loss	(234,470)	(298,947)	234,470	(298,947)
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	-	3,997	-	3,997
Net loss attributable to Radio One, Inc.	<u>\$ (234,470)</u>	<u>\$ (302,944)</u>	<u>\$ 234,470</u>	<u>\$ (302,944)</u>

**RADIO ONE, INC. AND SUBSIDIARIES**  
**CONSOLIDATING STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2010**

	<u>Combined Guarantor Subsidiaries</u>	<u>Radio One, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
	(In thousands)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net loss	31,957	(58,582)	-	(26,625)
Adjustments to reconcile consolidated net loss to net cash from operating activities:				
Depreciation and amortization	9,879	7,560	-	17,439
Amortization of debt financing costs	-	2,970	-	2,970
Write off of debt financing costs	-	3,055	-	3,055
Deferred income taxes	-	1,311	-	1,311
Impairment of long-lived assets	-	36,063	-	36,063
Equity in net income of affiliated company	-	(5,558)	-	(5,558)
Stock-based compensation and other non-cash compensation	-	5,799	-	5,799
Gain on retirement of debt	-	(6,646)	-	(6,646)
Effect of change in operating assets and liabilities, net of assets acquired:				
Trade accounts receivable, net	(2,577)	(8,914)	-	(11,491)
Prepaid expenses and other current assets	487	(3,918)	-	(3,431)
Other assets	985	6,138	-	7,123
Accounts payable	(414)	(736)	-	(1,150)
Due to corporate/from subsidiaries	(35,711)	35,711	-	-
Accrued interest	-	(4,941)	-	(4,941)
Accrued compensation and related benefits	(328)	801	-	473
Income taxes payable	-	138	-	138
Other liabilities	(518)	3,915	-	3,397
Net cash flows used in operating activities from discontinued operations	-	(90)	-	(90)
Net cash flows provided by operating activities	<u>3,760</u>	<u>14,076</u>	<u>-</u>	<u>17,836</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of property and equipment	-	(4,322)	-	(4,322)
Purchase of intangible assets	-	(342)	-	(342)
Net cash flows used in investing activities	<u>-</u>	<u>(4,664)</u>	<u>-</u>	<u>(4,664)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Proceeds from credit facility	-	342,000	-	342,000
Repayment of credit facility	-	(339,343)	-	(339,343)
Proceeds from issuance of Senior Subordinated Notes	-	286,794	-	286,794
Repayment of Senior Subordinated Notes	-	(290,800)	-	(290,800)
Payment of dividend to noncontrolling interest shareholders of Reach Media	(2,844)	-	-	(2,844)
Payment of bank financing costs	-	(19,750)	-	(19,750)
Net cash flows used in financing activities	<u>(2,844)</u>	<u>(21,099)</u>	<u>-</u>	<u>(23,943)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>916</b>	<b>(11,687)</b>	<b>-</b>	<b>(10,771)</b>
CASH AND CASH EQUIVALENTS, beginning of period	127	19,836	-	19,963
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 1,043</u>	<u>\$ 8,149</u>	<u>\$ -</u>	<u>\$ 9,192</u>



**RADIO ONE, INC. AND SUBSIDIARIES**  
**CONSOLIDATING STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2009**

	<u>Combined Guarantor Subsidiaries</u>	<u>Radio One, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>(In thousands)</b>				
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net loss	(28,579)	(19,979)	-	(48,558)
Adjustments to reconcile consolidated net loss to net cash from operating activities:				
Depreciation and amortization	11,960	9,051	-	21,011
Amortization of debt financing costs	-	2,419	-	2,419
Deferred income taxes	-	1,996	-	1,996
Impairment of long-lived assets	50,933	15,004	-	65,937
Equity in net losses of affiliated company	-	(3,653)	-	(3,653)
Stock-based compensation and other non-cash compensation	-	1,649	-	1,649
Gain on retirement of debt	-	(1,221)	-	(1,221)
Amortization of contract inducement and termination fee	(598)	(665)	-	(1,263)
Effect of change in operating assets and liabilities, net of assets acquired:				
Trade accounts receivable, net	(2,533)	4,922	-	2,389
Prepaid expenses and other current assets	151	202	-	353
Other assets	(272)	5,101	-	4,829
Accounts payable	(378)	1,215	-	837
Due to corporate/from subsidiaries	(30,646)	30,646	-	-
Accrued interest	-	(584)	-	(584)
Accrued compensation and related benefits	435	(583)	-	(148)
Income taxes payable	1	1,502	-	1,503
Other liabilities	(634)	(2,109)	-	(2,743)
Net cash flows provided by (used in) operating activities from discontinued operations	744	(54)	-	690
Net cash flows provided by operating activities	<u>584</u>	<u>44,859</u>	<u>-</u>	<u>45,443</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of property and equipment	(3,058)	(1,470)	-	(4,528)
Purchase of intangible assets	-	(343)	-	(343)
Net cash flows used in investing activities	<u>(3,058)</u>	<u>(1,813)</u>	<u>-</u>	<u>(4,871)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Repayment of Senior Subordinated Notes	-	(1,220)	-	(1,220)
Repayment of other debt	-	(153)	-	(153)
Proceeds from credit facility	-	116,500	-	116,500
Repurchase of common stock	-	(19,697)	-	(19,697)
Payment of credit facility	-	(136,670)	-	(136,670)
Payment of bank financing costs	-	(1,658)	-	(1,658)
Net cash flows used in financing activities	<u>-</u>	<u>(42,898)</u>	<u>-</u>	<u>(42,898)</u>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,474)</b>	<b>148</b>	<b>-</b>	<b>(2,326)</b>
CASH AND CASH EQUIVALENTS, beginning of period	<u>2,601</u>	<u>19,688</u>	<u>-</u>	<u>22,289</u>
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 127</u>	<u>\$ 19,836</u>	<u>\$ -</u>	<u>\$ 19,963</u>

**RADIO ONE, INC. AND SUBSIDIARIES**  
**CONSOLIDATING STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2008**

	<u>Combined Guarantor Subsidiaries</u>	<u>Radio One, Inc.</u>	<u>Eliminations</u>	<u>Consolidated</u>
	(In thousands)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net loss	(234,470)	(298,947)	234,470	(298,947)
Adjustments to reconcile consolidated net loss to net cash from operating activities:				
Depreciation and amortization	9,929	9,093	-	19,022
Amortization of debt financing costs	-	2,591	-	2,591
Deferred income taxes	-	(49,687)	-	(49,687)
Impairment of long-lived assets	328,972	94,248	-	423,220
Equity in net losses of affiliated company	-	3,652	-	3,652
Stock-based compensation and other non-cash compensation	389	1,343	-	1,732
Gain on retirement of debt	-	(74,017)	-	(74,017)
Amortization of contract inducement and termination fee	(896)	(999)	-	(1,895)
Change in interest due on stock subscription receivable	-	(20)	-	(20)
Effect of change in operating assets and liabilities, net of assets acquired:				
Trade accounts receivable, net	(2,921)	1,121	-	(1,800)
Prepaid expenses and other current assets	(198)	(373)	-	(571)
Other assets	(165)	(801)	-	(966)
Accounts payable	1,648	(1,914)	-	(266)
Due to corporate/from subsidiaries	(50,128)	50,128	-	-
Accrued interest	-	(8,921)	-	(8,921)
Accrued compensation and related benefits	590	(6,029)	-	(5,439)
Income taxes payable	-	(4,433)	-	(4,433)
Other liabilities	(11,733)	16,632	-	4,899
Net cash flows provided by operating activities from discontinued operations	1,322	4,356	-	5,678
Net cash flows provided by (used in) operating activities	<u>42,339</u>	<u>(262,977)</u>	<u>234,470</u>	<u>13,832</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of property and equipment	(5,002)	(7,539)	-	(12,541)
Cash paid for acquisitions	(34,918)	(35,537)	-	(70,455)
Investment in subsidiaries	-	234,470	(234,470)	-
Proceeds from sale of assets	-	150,224	-	150,224
Purchase of intangible assets	(474)	(342)	-	(816)
Deposits and payments for station purchases and other assets	-	(215)	-	(215)
Net cash flows used in investing activities from discontinued operations	(166)	-	-	(166)
Net cash flows (used in) provided by investing activities	<u>(40,560)</u>	<u>341,061</u>	<u>(234,470)</u>	<u>66,031</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Repayment of Senior Subordinated Notes	-	(120,787)	-	(120,787)
Repayment of other debt	-	(1,004)	-	(1,004)
Proceeds from credit facility	-	227,000	-	227,000
Repurchase of common stock	-	(12,104)	-	(12,104)
Payment of credit facility	-	(170,299)	-	(170,299)
Payment of stock subscriptions receivable	-	1,737	-	1,737
Payment to noncontrolling interest shareholders of Reach Media	-	(6,364)	-	(6,364)
Net cash flows used in financing activities	<u>-</u>	<u>(81,821)</u>	<u>-</u>	<u>(81,821)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,779	(3,737)	-	(1,958)
CASH AND CASH EQUIVALENTS, beginning of period	822	23,425	-	24,247
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 2,601</u>	<u>\$ 19,688</u>	<u>\$ -</u>	<u>\$ 22,289</u>

## 19. SUBSEQUENT EVENTS:

### *Certain TV One Transactions*

On February 25, 2011, TV One, the Company's joint venture agreement with an affiliate of Comcast Corporation, completed a privately placed debt offering of \$119 million (the "Redemption Financing"). The Redemption Financing is structured as senior secured notes bearing a 10% coupon and is due 2016. The Redemption Financing was structured to allow for continued distributions to the remaining members of TV One, including Radio One, subject to certain conditions. Subsequently, on February 28, 2011, TV One utilized \$82.4 million of the Redemption Financing to repurchase 15.4% of its outstanding membership interests from certain financial investors and 2.0% of its outstanding membership interests held by TV One management (representing approximately 50% of interests held by management). These redemptions by TV One, increased Radio One's holding in TV One from 36.8% to approximately 44.6%. TV One intends to use the balance of the Redemption Financing as part of the upcoming redemption of DirecTV's 12.4% interest in TV One, which is expected to occur in the first half of 2011. The Company is currently evaluating the impact that these transactions related to the Redemption Financing has on the Company's accounting for its investment in TV One.

### *Credit Ratings*

On March 7, 2011, Moody's assigned a B1 rating to the Company's proposed new \$25.0 million first out, first lien revolver due 2015 and a B2 rating to the Company's proposed new \$386.0 million term loan due 2016. Moody's also raised the Company's Probability of Default rating to Caa1 (from Caa2), raised the rating on the Company's 12<sup>1</sup>/<sub>2</sub>%/15% Senior Subordinated Notes due 2016 to Caa2 (from Caa3) and affirmed the Company's Caa1 Corporate Family Rating.

On March 8, 2011, S&P assigned a B+ rating to the Company's proposed new \$25.0 million first out, first lien revolver due 2015 and a B rating to the Company's proposed new \$386.0 million term loan due 2016. S&P also raised the rating on the Company's 12<sup>1</sup>/<sub>2</sub>%/15% Senior Subordinated Notes due 2016 to CCC (from CCC-) and raised the Company's Corporate Credit Rating to B- (from CCC+).

### *CFO Employment Agreement*

On March 3, 2011, the Company executed an employment agreement with Peter D. Thompson, the Company's Chief Financial Officer. The employment agreement is through mid-November 2013 with an initial annual base salary of \$550,000. Under the terms of the agreement, Mr. Thompson is eligible for an annual bonus of \$200,000. A copy of the employment agreement is attached to the Company's Form 8-K filed March 9, 2011 and the foregoing summary of its terms is qualified in its entirety by reference to the actual terms of the agreement.

### *Supplemental Indenture*

On March 11, 2011, the Company executed the First Supplemental Indenture among Radio One, Inc., the Wilmington Trust Company, as trustee, relating to the 12.5%/15.0% Senior Subordinated Notes due 2016 (the "Supplemental Indenture"). The Supplemental Indenture expands the definition of "Permitted TV One Indebtedness" to mean indebtedness incurred by TV One or any of its subsidiaries, the net proceeds of which are used to finance the acquisition of TV One equity interests from the Financial Investor Members, the DTV Investors and the Class D Members and any payment obligations arising in connection with or as a result of such acquisition. A copy of the Supplement Indenture is attached to the Company's Form 10-K and the foregoing summary of its terms is qualified in its entirety by reference to the actual terms of the agreement.

### *Credit Facilities*

On March 7, 2011, the Company announced that it has engaged Credit Suisse and Deutsche Bank to arrange a new senior credit facility. The new senior secured credit facility is to be comprised of a \$25.0 million "super-priority" revolving credit facility and a \$386.0 million term loan (the "New Senior Credit Facility"). Upon completion, the proceeds of the New Senior Credit Facility will be used to refinance all of the Company's outstanding indebtedness under its existing senior credit facility and general corporate purposes. Radio One anticipates that affiliates of Credit Suisse and Deutsche Bank will provide the \$25.0 million "super-priority" revolving credit facility and will use commercially reasonable efforts to syndicate the \$386.0 million term loan. The Company expects to complete the transaction during the first quarter, subject to meeting customary conditions, including but not limited to, successful syndication and entry into a credit agreement and security documents for the New Senior Credit Facility.

**RADIO ONE, INC. AND SUBSIDIARIES**

**SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS**  
**For the Years Ended December 31, 2010, 2009 and 2008**

<u>Description</u>	<u>Balance at Beginning of Year</u>	<u>Additions Charged to Expense</u>	<u>Acquired from Acquisitions</u>	<u>Deductions</u>	<u>Balance at End of Year</u>
Allowance for Doubtful Accounts:					
2010	\$ 2,651	\$ 2,616	\$ -	\$ 2,244	\$ 3,023
2009	3,520	2,124	-	2,993	2,651
2008	1,862	4,946	55	3,343	3,520

<u>Description</u>	<u>Balance at Beginning of Year</u>	<u>Additions Charged to Expense</u>	<u>Acquired from Acquisitions</u>	<u>Deductions(1)</u>	<u>Balance at End of Year</u>
Valuation Allowance for Deferred Tax Assets:					
2010	\$ 228,019	\$ 2,084	\$ -	\$ 256	\$ 230,359
2009	205,756	21,958	-	305	228,019
2008	133,977	69,212	1,088	(1,479)	205,756

(1) Relates to an increase or (decrease) to the valuation allowance for deferred tax assets pertaining to interest rate swaps charged to accumulated other comprehensive income instead of provision for income taxes.

**SUPPLEMENTAL INDENTURE**

SUPPLEMENTAL INDENTURE, dated as of March 11, 2011 (this “Supplemental Indenture”), by and between Radio One, Inc., a Delaware corporation (the “Company”), the guarantors named on the signature pages hereto and Wilmington Trust Company, as trustee (the “Trustee”).

**RECITALS:**

WHEREAS, the Company and the guarantors named therein have executed and delivered an Indenture, dated as of November 24, 2010 (the “Original Indenture”), to the Trustee, pursuant to which the Company has \$292,601,888 aggregate principal amount of 12.5%/15.5% Senior Subordinated Notes due 2016, CUSIP Nos. 75040PAK4, U74935AC8 and 75040PAM0 (the “Notes”) outstanding.

WHEREAS, Section 9.02 of the Original Indenture provides that the Company, the Guarantors and the Trustee may, with certain exceptions, amend the Indenture and the Notes with the consent of the Holders (as defined in the Original Indenture) of not less than a majority in principal amount of the outstanding Notes affected by such supplemental indenture.

WHEREAS, the Holders of more than a majority of the principal amount of the Notes outstanding have duly consented to this Supplemental Indenture;

WHEREAS, the Board of Directors of the Company has determined that it is in the best interests of the Company to authorize and approve this Supplemental Indenture and has authorized and approved the Supplemental Indenture; and

WHEREAS, an Officers’ Certificate and Opinion of Counsel have been delivered to the Trustee in accordance with Sections 7.02, 9.06 and 13.04 of the Original Indenture.

WHEREAS, the execution and delivery of this Supplemental Indenture have been duly authorized by all necessary action on the part of the Company and all conditions and requirements necessary to make this instrument a valid and binding agreement have been duly performed and complied with.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company, the Guarantors and the Trustee mutually covenant and agree, for the equal and ratable benefit of the Holders of the Notes, as follows:

**ARTICLE I****AMENDMENT**

## Section 1.1 DEFINED TERMS.

(a) Capitalized terms used in this Supplemental Indenture and not otherwise defined shall have the meanings ascribed to them in the Original Indenture.

(b) Section 1.01 of the Original Indenture is hereby amended by deleting the definition of “Permitted TV One Indebtedness” contained therein and replacing it with the following so that such definition reads, in its entirety, as follows:

“Permitted TV One Indebtedness” means Indebtedness incurred or Preferred Stock issued by TV One or any of its Subsidiaries, the net proceeds of which are used to finance the acquisition of TV One Equity Interests from the Financial Investor Members (as such term is defined in the TV One LLC Agreement), the DTV Investors and the Class D Members (as such term is defined in the TV One LLC Agreement) and any payment obligations arising in connection with or as a result of such acquisition; provided that: (i) the aggregate principal amount at any time outstanding of such Indebtedness plus the aggregate liquidation value at any time outstanding of such Preferred Stock shall not exceed \$120.0 million and (ii) such Indebtedness at all times constitutes TV One Non-Recourse Debt.”

## ARTICLE II

### MISCELLANEOUS

Section 2.1 EFFECT OF SUPPLEMENTAL INDENTURE. From and after the effective date of this Supplemental Indenture, the Original Indenture and the Notes shall be supplemented in accordance herewith, and this Supplemental Indenture shall form a part of the Original Indenture and the Notes for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered under the Original Indenture shall be bound thereby.

Section 2.2 INDENTURE REMAINS IN FULL FORCE AND EFFECT. Except as supplemented by this Supplemental Indenture, all provisions in the Original Indenture and the Notes shall remain in full force and effect.

Section 2.3 REFERENCES TO SUPPLEMENTAL INDENTURE. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Supplemental Indenture may refer to the Original Indenture without making specific reference to this Supplemental Indenture, but nevertheless all such references shall include this Supplemental Indenture unless the context requires otherwise.

Section 2.4 CONFLICT WITH TRUST INDENTURE ACT. The Company will comply with the provisions of the TIA to the extent applicable. If any provision of this Supplemental Indenture limits, qualifies or conflicts with any provision of the TIA that is required under the TIA to be part of and govern any provision of this Supplemental Indenture, the provision of the TIA shall control to the extent applicable. If any provision of this Supplemental Indenture modifies or excludes any provision of the TIA that may be so modified or excluded, the provision of the TIA shall be deemed to apply to the Indenture as so modified or to be excluded by this Supplemental Indenture, as the case may be to the extent applicable.

Section 2.5 SEVERABILITY. If any court of competent jurisdiction shall determine that any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 2.6 HEADINGS. The Article and Section headings of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part of this Supplemental Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

Section 2.7 BENEFITS OF SUPPLEMENTAL INDENTURE. Nothing in this Supplemental Indenture or the Notes, express or implied, shall give to any Person, other than the parties hereto and thereto and their successors hereunder and thereunder and the Holders of the Notes any benefit of any legal or equitable right, remedy or claim under the Original Indenture, this Supplemental Indenture or the Notes.

Section 2.8 SUCCESSORS AND ASSIGNS. All agreements by the Company in this Supplemental Indenture shall bind its successors and assigns, whether or not so expressed. All agreements by the Trustee in this Supplemental Indenture shall bind its successors, whether or not so expressed.

Section 2.9 TRUSTEE NOT RESPONSIBLE FOR RECITALS. The recitals contained herein shall be taken as the statements of the Company and the Trustee assumes no responsibility for their correctness.

Section 2.10 CERTAIN DUTIES AND RESPONSIBILITIES OF THE TRUSTEE. In entering into this Supplemental Indenture, the Trustee shall be entitled to the benefit of every provision of the Original Indenture and the Notes relating to the conduct or affecting the liability or affording protection to the Trustee, whether or not elsewhere herein so provided.

Section 2.11 GOVERNING LAW. This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the State of New York. This Supplemental Indenture is subject to the provisions of the TIA that are required to be part of this Supplemental Indenture and shall, to the extent applicable, be governed by such provisions.

Section 2.12 COUNTERPART ORIGINALS. This Supplemental Indenture may be executed in any number of counterparts, and each of such counterparts shall for all purposes be deemed to be an original, but all of such counterparts shall together constitute one and the same instrument.

Section 2.13 CONFIRMATION. Each of the Company and the Trustee hereby confirms and reaffirms the Original Indenture in every particular except as amended and supplemented by this Supplemental Indenture.

Section 2.14 EFFECTIVE DATE. This Supplemental Indenture shall be deemed effective as of February 22, 2011, which represents the date that beneficial owners representing more than a majority of the Notes agreed to the amendment effected by this Supplemental Indenture.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

RADIO ONE, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

GUARANTORS:

BELL BROADCASTING COMPANY

BLUE CHIP BROADCASTING LICENSES, LTD. BLUE CHIP BROADCASTING, LTD.  
CHARLOTTE BROADCASTING, LLC COMMUNITY CONNECT INC.

COMMUNITY CONNECT, LLC

DISTRIBUTION ONE, LLC

HAWES-SAUNDERS BROADCAST PROPERTIES, INC.

INTERACTIVE ONE, INC.

INTERACTIVE ONE, LLC

NEW MABLETON BROADCASTING CORPORATION

RADIO ONE CABLE HOLDINGS, INC.

RADIO ONE DISTRIBUTION HOLDINGS, LLC

RADIO ONE LICENSES, LLC

RADIO ONE MEDIA HOLDINGS, LLC

RADIO ONE OF ATLANTA, LLC

RADIO ONE OF BOSTON LICENSES, LLC

RADIO ONE OF BOSTON, INC.

RADIO ONE OF CHARLOTTE, LLC

RADIO ONE OF DETROIT, LLC

RADIO ONE OF INDIANA, LLC

RADIO ONE OF INDIANA, L.P.

RADIO ONE OF NORTH CAROLINA, LLC

RADIO ONE OF TEXAS II, LLC

ROA LICENSES, LLC

SATELLITE ONE, L.L.C.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

WILMINGTON TRUST COMPANY, as Trustee

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



TV ONE, LLC

and

TV ONE CAPITAL CORP.,

as joint and several obligors,

AND EACH OF THE GUARANTORS PARTY HERETO

10% SENIOR SECURED NOTES DUE 2016

INDENTURE

Dated as of February 25, 2011

U.S. BANK NATIONAL ASSOCIATION,

as Trustee

and Collateral Trustee

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INDENTURE, dated as of February 25, 2011, by and among TV One, LLC, a Delaware limited liability company (the “Company” or “TV One”) and TV One Capital Corp., a Delaware corporation (“Capital Corp.” and, together with TV One, the “Issuers”), as joint and several obligors, the Guarantors (as defined herein), if any, and U.S. Bank National Association, as Trustee (as defined herein) and Collateral Trustee (as defined herein).

WHEREAS, the Issuers have duly authorized the creation of their 10% Senior Secured Notes due 2016 (the “*Notes*”);

WHEREAS, the Guarantors, if any, have duly authorized their respective Note Guarantees (as defined herein) of the Notes; and

WHEREAS, all things necessary to make the Notes, when each is duly issued and executed by the Issuers thereof, and authenticated and delivered hereunder, the valid obligations of the Issuers, to make the Note Guarantees, if any, the valid and binding obligations of the Guarantors, and to make this Indenture a valid and binding agreement of each of the Issuers and the Guarantors, have been done.

NOW, THEREFORE, each party hereto agrees as follows for the benefit of the other parties and for the equal and ratable benefit of the Holders (as defined herein):

## ARTICLE 1

### DEFINITIONS AND INCORPORATION

#### BY REFERENCE

##### *Section 1.01 Definitions.*

“*144A Global Note*” means a Global Note substantially in the form of Exhibit A hereto (in the case of a Note) and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depository or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes of the Issuers sold in reliance on Rule 144A.

“*144A Global Security*” means a 144A Global Note comprised of 144A Global Notes.

“*Acquired Debt*” means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary of, such specified Person; *provided, however*, that Indebtedness of such acquired Person which is redeemed, defeased, retired or otherwise repaid at the time of or immediately upon consummation of the transactions by which such Person merges with or into or becomes a Subsidiary of such Person shall not be Acquired Debt; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

“*Act of Required Debtholders*” means, as to any matter at any time: (1) prior to the Discharge of any Parity Lien Obligations, a direction in writing delivered to the Collateral Trustee by or with the written consent of the holders of Parity Lien Debt representing the Required Parity Lien Debtholders; and (2) at any time after the Discharge of Parity Lien Obligations, a direction in writing delivered to the Collateral Trustee by or with the written consent of the holders of Junior Lien Debt representing the Required Junior Lien Debtholders. For purposes of this definition, (a) any Secured Debt registered in the name of, or beneficially owned by, the Company or any Affiliate of the Company will be deemed not to be outstanding, and (b) votes will be determined in accordance with the Security Documents.

“*Additional Securities*” means additional Notes (other than the Initial Notes) issued under this Indenture in accordance with Sections 2.02, 2.13, 4.09 and 4.12 hereof, as part of the same series as the Initial Securities.

“*Affiliate*” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control,” as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; *provided* that beneficial ownership of 10% or more of the Voting Stock of a Person will be deemed to be control. For purposes of this definition, the terms “controlling,” “controlled by” and “under common control with” have correlative meanings.

“*Agent*” means any Registrar, co-registrar, Paying Agent or additional paying agent.

“*Applicable Premium*” means, with respect to any Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of the Note; or

(2) the excess of: (a) the present value at such redemption date of (i) the redemption price of the Note at March 15, 2013, (such redemption price being set forth in the table appearing in Section 3.01(c) hereof) plus (ii) all required interest payments due on the Note through March 15, 2013 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 75 basis points; over (b) the principal amount of the Note.

“*Applicable Procedures*” means, with respect to any transfer or exchange of or for beneficial interests in any Global Security, the rules and procedures of the Depository, Euroclear and Clearstream that apply to such transfer or exchange.

“*Asset Acquisition*” means (i) an Investment by the Company or any Restricted Subsidiary of the Company in any other Person pursuant to which such Person becomes a Restricted Subsidiary of the Company or is merged with or into or consolidated with any Restricted Subsidiary of the Company or (ii) an acquisition of property (including Capital Stock) by the Company or any Restricted Subsidiary of the Company.

“*Asset Sale*” means:

(1) the sale, lease, conveyance or other disposition of any assets or rights by the Company or any of the Company’s Restricted Subsidiaries; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole or an Issuer and its Restricted Subsidiaries taken as a whole will be governed by Section 4.15 and/or 5.01 hereof and not by Section 4.10 hereof; and

(2) the issuance of Equity Interests by any of the Company’s Restricted Subsidiaries or the sale by the Company or any of the Company’s Restricted Subsidiaries of Equity Interests in any of the Company’s Restricted Subsidiaries (other than directors’ qualifying shares or shares required by applicable law to be held by a Person other than the Company or a Restricted Subsidiary).

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(3) any single transaction or series of related transactions that involve assets or Equity Interests having a Fair Market Value of less than \$1.0 million and not exceeding \$2.5 million in any fiscal year;

(4) a transfer of assets between or among the Company and its Restricted Subsidiaries that are Guarantors;

(5) an issuance of Equity Interests by a Restricted Subsidiary of the Company to the Company or to a Restricted Subsidiary;

(6) the sale, lease or other transfer or discount of products or services in the ordinary course of business and any sale or other disposition of damaged, worn-out or obsolete assets in the ordinary course of business (including the assignment, cancellation or abandonment or other disposition of intellectual property that is, in the reasonable judgment of the Company, no longer economically practicable to maintain or useful in any material respect in the conduct of the business of the Company and its Restricted Subsidiaries taken as whole);

(7) grants of leases, subleases, licenses and sublicenses in the ordinary course of business;

(8) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(9) the granting of Liens not prohibited by Section 4.12 hereof and any disposition of such assets subject to such Liens in connection with any foreclosure or similar remedy;

(10) the sale or other disposition of cash or Cash Equivalents;

(11) a Restricted Payment that does not violate the Section 4.07 hereof or a Permitted Investment;

(12) dispositions of Investments or receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceeds and exclusive of factoring or similar arrangements;

(13) the sale of an Unrestricted Subsidiary;

(14) the sale or other disposition of Equity Interests of, or an issuance of Equity Interests by, an Unrestricted Subsidiary; and

(15) the disposition of any property or other assets by reason of theft, loss, physical destruction or damage, taking, condemnation or similar event.

“*Bankruptcy Law*” means Title 11, U.S. Code or any similar federal or state law for the relief of debtors.

“*Beneficial Owner*” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms “Beneficially Owns” and “Beneficially Owned” have a corresponding meaning.

“*Board of Directors*” means:

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the Board of Directors of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

“*Business Day*” means any day other than a Legal Holiday.

“*Capital Expenditures*” means, for any period, the sum of:

(1) the aggregate amount of all expenditures of the Company and its Restricted Subsidiaries for fixed or capital assets made during such period which, in accordance with GAAP, would be classified as capital expenditures; and

(2) the aggregate amount of all Capital Lease Obligations of the Company and its Restricted Subsidiaries incurred during such period.

“*Capital Lease Obligation*” means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with GAAP, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

“*Capital Stock*” means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.



“Cash Equivalents” means:

- (1) United States dollars;
- (2) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality of the United States government (*provided* that the full faith and credit of the United States is pledged in support of those securities) having maturities of not more than one year from the date of acquisition;
- (3) certificates of deposit and eurodollar time deposits with maturities of six months or less from the date of acquisition, bankers’ acceptances with maturities not exceeding one year and overnight bank deposits, in each case, with any domestic commercial bank;
- (4) repurchase obligations with a term of not more than seven (7) days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;
- (5) commercial paper having one of the two highest ratings obtainable from Moody’s or S&P and, in each case, maturing within nine months after the date of acquisition; and
- (6) money market funds the assets of which primarily constitute Cash Equivalents of the kinds described in clauses (1) through (5) of this definition.

“Change of Control” means the occurrence of any of the following:

- (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Subsidiaries taken as a whole, to any Person (including any “person” (as that term is used in Section 13(d)(3) of the Exchange Act)) other than a Restricted Subsidiary of the Company that is a Wholly Owned Subsidiary of the Company;
- (2) the adoption of a plan relating to the liquidation or dissolution of the Company or Capital Corp.;
- (3) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any “person” (as defined above) other than Radio One, Comcast or their respective Subsidiaries, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Company, measured by voting power rather than number of shares;
- (4) the Company consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Company outstanding immediately prior to such transaction constitutes or is converted into or exchanged for a majority of the outstanding shares of the Voting Stock of such surviving or transferee Person (immediately after giving effect to such transaction);
- (5) the first day on which a majority of the members of the Board of Directors of the Company are not Continuing Directors;
- (6) prior to an IPO, the first day on which Radio One and Comcast collectively (which, for the avoidance of doubt, means either Radio One and Comcast together or individually) cease to own and control, directly or indirectly, 51% of the outstanding Equity Interests of the Company; or
- (7) after an IPO, the first day on which Radio One and Comcast collectively (which, for the avoidance of doubt, means either Radio One and Comcast together or individually) cease to own and control, directly or indirectly, outstanding Equity Interests of the Company representing the greater of (a) 35% of the outstanding Equity Interests of the Company and (b) the percentage of the outstanding Equity Interests of the Company owned by any other “person” (as that term is used in Section 13(d)(3) of the Exchange Act).

“Clearstream” means Clearstream Banking, S.A.

“Closing Date” means February 25, 2011.

“Collateral” means all properties and assets at any time owned or acquired by the Issuers or any Guarantor, upon which a Lien securing the Notes is granted or purported to be granted under any Security Document, provided that in no event shall the Collateral include any Excluded Assets.

“*Collateral Trust Agreement*” means that certain Collateral Trust Agreement, substantially in the form attached hereto as Exhibit G, to be entered into by the Issuers, the Guarantors and the Collateral Trustee prior to, or concurrently with, the incurrence of any Parity Lien Debt (other than the Notes) or Junior Lien Debt.

“*Collateral Trustee*” means U.S. Bank National Association, in its capacity as Collateral Trustee for the Collateral, together with its successors in such capacity.

“*Comcast*” means Comcast Corporation, a Pennsylvania corporation.

“*Company*” means TV One, LLC, a Delaware limited liability company.

“*Company LLC Agreement*” means the Second Amended and Restated Limited Liability Company Operating Agreement of TV One, dated as of December 28, 2004, as amended from time to time.

“*Consolidated EBITDA*” means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus, without duplication:

(1) an amount equal to any net loss realized by such Person or any of its Restricted Subsidiaries in connection with an Asset Sale or asset disposals or the disposition of securities, to the extent such losses were deducted in computing such Consolidated Net Income; *plus*

(2) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; *plus*

(3) the Consolidated Interest Expense of such Person and its Restricted Subsidiaries for such period, to the extent that such Consolidated Interest Expense were deducted in computing such Consolidated Net Income; *plus*

(4) depreciation, amortization (including amortization of intangibles, but excluding amortization of Programming Payments or amortization of prepaid cash expenses that were paid in a prior period) and other non-cash charges and expenses (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash charges or expenses were deducted in computing such Consolidated Net Income; *plus*

(5) to the extent deducted in computing such Consolidated Net Income, extraordinary, or non-recurring losses (including, without limitation, losses from early extinguishment of debt, reorganization, restructuring items and discontinued operations) for such period; *plus*

(6) to the extent deducted in computing such Consolidated Net Income, the amortization of debt discount for such period; *plus*

(7) to the extent deducted in computing such Consolidated Net Income, costs and expenses, including fees, incurred directly in connection with the issuance of the Notes or in connection with any other financing transaction, Equity Offering or Investment (including a Permitted Investment); *plus*

(8) to the extent deducted in computing such Consolidated Net Income, costs and expenses, including appraisal costs, incurred directly in connection with the redemption of the Equity Interests in the Company held by the Financial Investor Members (as such term is defined in the Company LLC Agreement), the DIRECTV Members (as such term is defined in the Company LLC Agreement) and the Class D Members (as such term is defined in the Company LLC Agreement) incurred on or prior to December 31, 2011 in an aggregate amount not to exceed \$3.0 million, *minus*

(9) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with GAAP.

“*Consolidated Indebtedness*” means, with respect to any Person as of any date of determination, the sum, without duplication, of (i) the total amount of Indebtedness of such Person and its Subsidiaries, plus (ii) the total amount of Indebtedness of any other Person, to the extent that such Indebtedness has been Guaranteed by the referent Person or one or more of its Subsidiaries, plus (iii) the aggregate liquidation value of all Disqualified Stock of such Person and its Subsidiaries, in each case, determined on a consolidated basis in accordance with GAAP; *provided that* Indebtedness representing Hedging Obligations shall not constitute Indebtedness for purposes of this definition.

“*Consolidated Interest Expense*” means, with respect to any Person for any period, the sum of (i) the consolidated interest expense of such Person and its Subsidiaries for such period, whether paid or accrued (including, without limitation, amortization or original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers’ acceptance financings, and net payments (if any) made by such Person and its Subsidiaries pursuant to interest rate Hedging Obligations) and (ii) the consolidated interest expense of such Person and its Subsidiaries that was capitalized during such period, and (iii) any interest expense on Indebtedness of another Person that is guaranteed by such Person or one of its Subsidiaries or secured by a Lien on assets of such Person or one of its Subsidiaries (whether or not such Guarantee or Lien is called upon) and (iv) all dividend payments on any series of Disqualified Stock of such Person or any of its Subsidiaries, in each case, on a consolidated basis and in accordance with GAAP.

“*Consolidated Leverage Ratio*” means, as of any date, the ratio of

(1) the Consolidated Indebtedness of the Company as of such date to

(2) the Consolidated EBITDA of the Company for the most recent four-quarter period for which internal financial statements are available, in each case determined on a pro forma basis after giving effect to all acquisitions or dispositions of assets made by the Company and its Subsidiaries from the beginning of such quarter or four-quarter period, as applicable, through and including such date of determination (including any related financing transactions) as if such acquisitions and dispositions had occurred at the beginning of such quarter or four-quarter period, as applicable.

In addition, for purposes of calculating the Consolidated Leverage Ratio:

(3) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations or acquisitions of assets, or any Person or any of its Restricted Subsidiaries acquired by merger, consolidation or the acquisition of all or substantially all of its assets by the specified Person or any of its Restricted Subsidiaries, and including any related financing transactions and including increases in ownership of Restricted Subsidiaries, during the quarter or four-quarter reference period, as applicable or subsequent to such reference period and on or prior to the date on which the event for which the calculation of the Consolidated Leverage Ratio is made (the “Leverage Calculation Date”) will be given pro forma effect (as determined in good faith by the Company’s chief financial officer and consistent in all material respects with GAAP) as if they had occurred on the first day of the quarter or four-quarter reference period, as applicable;

(4) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Leverage Calculation Date will be excluded;

(5) any Person that is a Restricted Subsidiary on the Leverage Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such quarter or four-quarter reference period, as applicable; and

(6) any Person that is not a Restricted Subsidiary on the Leverage Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such quarter or four-quarter reference period, as applicable.

“*Consolidated Net Income*” means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (loss) of any Unrestricted Subsidiary of such Person), determined in accordance with GAAP and without any reduction in respect of preferred stock or Disqualified Stock dividends; *provided that*:

(1) all extraordinary gains (but not losses) and all gains (but not losses) realized in connection with any Asset Sale or asset disposals or the disposition of securities or the early extinguishment of Indebtedness, together with any related provision for taxes on any such gain, will be excluded;

(2) the net income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary of the Person;

(3) the net income (but not loss) of any Restricted Subsidiary will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that net income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders;

(4) the cumulative effect of a change in accounting principles will be excluded; and

(5) non-cash gains and losses attributable to movement in the mark-to-market valuation of Hedging Obligations pursuant to Financial Accounting Standards Board Statement No. 133 will be excluded.

“*continuing*” means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

“*Continuing Directors*” means, as of any date of determination, any member of the Board of Directors of the Company who:

(1) was a member of such Board of Directors on the date of this Indenture; or

(2) was either nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election or was nominated by Radio One or Comcast.

“*Corporate Trust Office of the Trustee*” will be at the address of the Trustee specified in Section 13.01 hereof or such other address as to which the Trustee may give notice to the Issuers.

“*Custodian*” means the Trustee, as custodian with respect to the Securities in global form, or any successor entity thereto.

“*Default*” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

“*Definitive Note*” means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06 hereof, substantially in the form of Exhibit A hereto except that such Note shall not bear the Global Note Legend and shall not have the “Schedule of Exchanges of Interests in the Global Note” attached thereto.

“*Definitive Security*” means Definitive Notes.

“*Depository*” means, with respect to the Securities issuable or issued in whole or in part in global form, the Person specified in Section 2.03 hereof as the Depository with respect to the Securities, and any and all successors thereto appointed as depository hereunder and having become such pursuant to the applicable provision of this Indenture.

“*Discharge of Parity Lien Obligations*” means the occurrence of all of the following: (1) termination or expiration of all commitments to extend credit that would constitute Parity Lien Debt; (2) payment in full in cash of the principal of and interest and premium, if any, on all Parity Lien Debt (other than any undrawn letters of credit); (3) discharge or cash collateralization (at the lower of (A) 101% of the aggregate undrawn amount and (B) the percentage of the aggregate undrawn amount required for release of liens under the terms of the applicable Parity Lien Document) of all outstanding letters of credit constituting Parity Lien Debt; and (4) payment in full in cash of all other Parity Lien Obligations that are outstanding and unpaid at the time the Parity Lien Debt is paid in full in cash (other than any obligations for taxes, costs, indemnifications, reimbursements, damages and other liabilities in respect of which no claim or demand for payment has been made at such time).

“*Disqualified Stock*” means (a) in the case of the Company and the Restricted Subsidiaries, any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable for cash, pursuant to a sinking fund obligation or otherwise, or redeemable for cash at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is ninety-one (91) days after the date on which the Notes mature and (b) in the case of any Restricted Subsidiary, any other Capital Stock other than any common equity with no preferences, privileges, and no cash redemption or repayment provisions. Notwithstanding the preceding sentence, (A) any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if (x) the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under Section 4.07 hereof or (y) the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock prior to the Company’s purchase of the Notes as is required to be purchased pursuant to the provisions of this Indenture and (B) any Equity Interests of the Company being redeemed in connection with the Transactions or otherwise held by the DTV Investors as of the Closing Date shall not constitute Disqualified Stock (so long as the terms of such Equity Interests are not modified in any material respect). The amount of Disqualified Stock deemed to be outstanding at any time for purposes of this Indenture will be the maximum amount that the Company and its Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

“*Domestic Subsidiary*” means any Restricted Subsidiary of the Company (i) that was formed under the laws of the United States or any state of the United States or the District of Columbia or (ii) that was not formed under the laws of the United States or any state of the United States or the District of Columbia and that guarantees or otherwise provides direct credit support for any Indebtedness of the Company (other than a pledge of such Restricted Subsidiary’s assets, so long as no more than 65% of any Voting Stock of any Restricted Subsidiary that is not a Domestic Subsidiary is so pledged by such Restricted Subsidiary).

“*DTV Investors*” means collectively DIRECTV Programming Holdings I, Inc. and DIRECTV Programming Holdings II, Inc. and/or their permitted transferees.

“*Equity Interests*” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“*Equity Offering*” means a sale either (1) of Equity Interests of the Company by the Company (other than Disqualified Stock and other than to a Subsidiary of the Company) or (2) of Equity Interests of a direct or indirect parent entity of the Company (other than to the Company or a Subsidiary of the Company) to the extent that the net proceeds therefrom are contributed to the common equity capital of the Company.

“*Euroclear*” means Euroclear Bank, S.A./N.V., as operator of the Euroclear system.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

“*Excluded Assets*” means the collective reference to the following: (1) any contract, license, general intangible, copyright license, patent license or trademark license, agreement, instrument, indenture or any other property to the extent the grant by an Issuer or a Guarantor, as applicable, of a security interest pursuant to a Security Document of its right, title and interest in such intangible assets or other property (A) is prohibited by provisions of such contract, agreement, instrument or indenture governing such intangible asset or other property, or by any law, (B) would give any other party to such contract, license, agreement, instrument or indenture a legally enforceable right to terminate its obligations thereunder, (C) would result in a breach, termination or default of such contract, license, general intangible, agreement, instrument or indenture or (D) is permitted only with the consent of another party, if the requirement to obtain such consent is legally enforceable and such consent has not been obtained (in the case of each of clause 1(A), 1(B), 1(C) and 1(D) above, which prohibition, termination right, breach, termination or default or requirement to obtain consent, as applicable, is not rendered ineffective by Section 9-406(d), 9-407(a), 9-408(a) or 9-409 of the Uniform Commercial Code (or any successor provision or provisions) or any other applicable law (including the Bankruptcy Code) or principles of equity); (2) any of the outstanding voting Capital Stock of any Subsidiary that is not a Domestic Subsidiary, in each case, in excess of 65% of such outstanding Capital Stock; (3) fee and leasehold interests in real property; (4) motor vehicles and other assets subject to a certificate of title and (5) any Excluded Ownership Interests; provided, however, that Excluded Assets shall not include any Proceeds (as defined in the Uniform Commercial Code), substitutions or replacements of any Excluded Assets referred to in the foregoing clauses (unless such Proceeds, substitutions or replacements would constitute Excluded Assets referred to in any of the foregoing clauses).

“*Excluded Ownership Interests*” means all (1) Equity Interests owned or held by any Unrestricted Subsidiary and (2) Equity Interests in Persons that are not Wholly-Owned Subsidiaries of the Issuers, but only to the extent such Person is contractually prohibited from creating a Lien in such Equity Interests, so long as the Issuers (a) do not encourage the creation of any such contractual prohibitions and (b) requests that no such contractual prohibitions be instituted.

“*Existing Indebtedness*” means all Indebtedness of the Company and its Subsidiaries in existence on the date of this Indenture, until such amounts are repaid.

“*Fair Market Value*” means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by the Company (unless otherwise provided in this Indenture).

“*GAAP*” means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect on the date of this Indenture, except with respect to any reports or financial information required to be delivered pursuant to Section 4.03 hereto, which shall be prepared in accordance with GAAP as in effect on the date thereof, except as provided below. At any time after adoption of IFRS by the Company for its financial statements and reports for all financial reporting purposes, the Company may elect to apply IFRS for all purposes of this Indenture, in lieu of United States GAAP, and, upon any such election, references herein to GAAP shall be construed to mean IFRS as in effect from time to time; provided that (1) any such election once made shall be irrevocable (and shall only be made once), (2) all financial statements and reports required to be provided after such election pursuant to this Indenture shall be prepared on the basis of IFRS and (3) from and after such election, all ratios, computations and other determinations (A) based on GAAP contained in this Indenture shall be computed in conformity with IFRS and (B) in this Indenture that require the application of GAAP for periods that include fiscal quarters ended prior to the Company’s election to apply IFRS shall remain as previously calculated or determined in accordance with GAAP. The Company shall give notice of any election to the Trustee and the Holders of Notes within 15 days of such election. For the avoidance of doubt, solely making an election (without any other action) referred to in this definition will not be treated as an incurrence of Indebtedness.

“*Global Note Legend*” means the legend set forth in Section 2.06(f)(2) hereof, which is required to be placed on all Global Notes issued under this Indenture.

“*Global Notes*” means, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes deposited with or on behalf of and registered in the name of the Depository or its nominee, substantially in the form of Exhibit A hereto and that bears the Global Note Legend and that has the “Schedule of Exchanges of Interests in the Global Note” attached thereto, issued in accordance with Section 2.01, 2.06(b)(3), 2.06(b)(4), 2.06(d)(1) or 2.06(d)(2) hereof.

“*Global Security*” means a Global Note.

“*Government Securities*” means direct obligations of, or obligations guaranteed by, the United States of America, and the payment for which the United States of America pledges its full faith and credit.

“*Guarantee*” means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise).

“*Guarantors*” means the Subsidiary Guarantors and their respective successors and assigns.

“*Hedge Agreement*” means any agreement governing Hedging Obligations.

“*Hedging Obligations*” means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates or commodity prices.

“*Holder*” means the Person in whose name a Security is registered.

“*IAI Global Note*” means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes of the Issuers sold to Institutional Accredited Investors.

“*IAI Global Security*” means an IAI Global Note.

“*Immaterial Subsidiary*” means, as of any date, any Domestic Subsidiary whose total assets, together with all other Domestic Subsidiaries that are not Guarantors, as of that date, are less than \$2.5 million and whose total revenues, together with all other Domestic Subsidiaries that are not Guarantors, for the most recent twelve-month period do not exceed \$2.5 million; provided that a Restricted Subsidiary will not be considered to be an Immaterial Subsidiary if it, directly or indirectly, guarantees or otherwise provides direct credit support for any Indebtedness of the Company or any Guarantor.

“*Indebtedness*” means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables), whether or not contingent:

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments;

(3) in respect of banker’s acceptances or letters of credit (other than obligations in respect of letters of credit securing obligations (other than obligations described in (1) or (2) above or (4) below) entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the tenth business day following receipt by such Person or a demand for reimbursement);

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than six months after such property is acquired or such services are completed; or

(6) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term “Indebtedness” includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person), but only to the extent of the lesser of (x) the Fair Market Value of the assets subject to such Lien, or (y) the amount of Indebtedness secured by such Lien and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person. Indebtedness shall be calculated without giving effect to the effects of Statement of Financial Accounting Standards No. 133 and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose under this Indenture as a result of accounting for any embedded derivatives created by the terms of such Indebtedness. For the avoidance of doubt, any programming liabilities incurred by the Company or any of its Restricted Subsidiaries in the ordinary course of business shall not be considered Indebtedness under this definition or for any other purpose under this Indenture.

“*Indenture*” means this Indenture, as amended or supplemented from time to time.

“*Indirect Participant*” means a Person who holds a beneficial interest in a Global Security through a Participant.

“*Initial Notes*” means the first \$119,000,000 aggregate principal amount of Notes issued under this Indenture on the date hereof.

“*Initial Securities*” means the Initial Notes.

“*insolvency or liquidation proceeding*” means:

(1) any case commenced by or against an Issuer or any Guarantor under Title 11, U.S. Code or any similar federal or state law for the relief of debtors, any other proceeding for the reorganization, recapitalization or adjustment or marshalling of the assets or liabilities of an Issuer or any Guarantor, any receivership or assignment for the benefit of creditors relating to an Issuer or any Guarantor or any similar case or proceeding relative to an Issuer or any Guarantor or its creditors, as such, in each case whether or not voluntary;

(2) any liquidation, dissolution, marshalling of assets or liabilities or other winding up of or relating to an Issuer or any Guarantor, in each case whether or not voluntary and whether or not involving bankruptcy or insolvency; or

(3) any other proceeding of any type or nature in which substantially all claims of creditors of an Issuer or any Guarantor are determined and any payment or distribution is or may be made on account of such claims.

“*Institutional Accredited Investor*” means an institution that is an “accredited investor” as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act, which is not also a QIB.

“*Investments*” means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations), advances or capital contributions, purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If the Company or any Restricted Subsidiary of the Company sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of the Company such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Company’s Investments in such Restricted Subsidiary that were not sold or disposed of in an amount determined as provided in Section 4.07(c) hereof. The acquisition by the Company or any Restricted Subsidiary of the Company of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in Section 4.07(c) hereof. Except as otherwise provided in this Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

“*IPO*” means a bona fide underwritten sale to the public of common stock of Company (or any parent holding company thereof) pursuant to a registration statement (other than on Form S-8 or any other form relating to securities issuable under any benefit plan of Company or any of its Subsidiaries, as the case may be) that is declared effective by the SEC and such offering results in net cash proceeds received by (or contributed to) Company of at least \$25,000,000.

“*Junior Lien*” means a Lien granted by a Junior Lien Document to the Junior Collateral Trustee, at any time, upon any property of an Issuer or a Guarantor to secure Junior Lien Obligations.

*“Junior Lien Debt”* means: any Indebtedness of the Issuers that is secured equally and ratably by a Junior Lien that was permitted to be incurred and so secured under this Indenture and each other applicable Secured Debt Document and any Guarantees by Guarantors of such Indebtedness; *provided* that: (a) on or before the date on which such Indebtedness is incurred by the Issuers, such Indebtedness is designated by the Issuers, in an Officers’ Certificate delivered to each Junior Lien Representative, each Parity Lien Representative, and the Collateral Trustee, as “Junior Lien Debt” for the purposes of this Indenture and the Collateral Trust Agreement (*provided* that no Series of Secured Debt may be designated as both Junior Lien Debt and Parity Lien Debt); (b) such Indebtedness is governed by an indenture, credit agreement or other agreement that includes a Lien Sharing and Priority Confirmation; (c) such Indebtedness has a final Stated Maturity Date equal to or later than the final Stated Maturity Date of the Notes; (d) the Issuers and the Guarantors shall enter into supplemental Security Documents, pursuant to which such grantors shall grant to the Collateral Trustee, for the ratable benefit of the holders of the Notes, a security interest in any assets or property of the grantors not otherwise granted under this Indenture or the Security Documents prior to such date to the extent such grantors grant a security interest in such assets to the holders of such Junior Lien Debt or to any of their representatives (such supplemental Security Documents shall contain such additional customary covenants, representations, conditions (including delivery of customary legal opinions) and other provisions relating to such additional assets or the granting of such security interest as the Collateral Trustee may reasonably request; (e) the Issuers and the Guarantors shall enter into and file such other agreements, amendments, financing statements or other documents as the Collateral Trustee shall reasonably request in furtherance of the foregoing or as are necessary in order to comply with the requirements of this Indenture and the Security Documents (including any supplemental Security Documents); (f) the Issuers, the Guarantors and the Collateral Trustee shall have entered into the Collateral Trust Agreement; and (g) all requirements set forth in the Collateral Trust Agreement as to the confirmation, grant or perfection of the Collateral Trustee’s Liens to secure such Indebtedness or Obligations in respect thereof are satisfied (and the satisfaction of such requirements and the other provisions of this definition will be conclusively established if the Issuers delivers to the Collateral Trustee an Officers’ Certificate stating that such requirements and other provisions have been satisfied and that such Indebtedness is “Junior Lien Debt”).

*“Junior Lien Documents”* means, collectively, (i) any indenture or credit facility pursuant to which any Junior Lien Debt is incurred and (ii) the Security Documents (other than any Security Documents that do not secure Junior Lien Obligations).

*“Junior Lien Obligations”* means Junior Lien Debt and all other Obligations in respect thereof.

*“Junior Lien Representative”* means with respect to any Series of Junior Lien Debt, the trustee, agent or representative of the holders of such Series of Junior Lien Debt who maintains the transfer register for such Series of Junior Lien Debt, is appointed as a representative of the Junior Lien Debt (for purposes related to the administration of the security documents) pursuant to the agreement governing such Series of Junior Lien Debt and has become a party to the Collateral Trust Agreement by executing a joinder in the form required under the Collateral Trust Agreement.

*“Legal Holiday”* means a Saturday, a Sunday or a day on which banking institutions (1) in the City of New York, (2) in the City in which the Corporate Trust Office of the Trustee is located or (3) at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue on such payment for the intervening period.

*“Lien”* means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement relating to a lien on an asset under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

*“Lien Cap”* means as of any date of determination, the amount of Secured Debt that may be incurred by the Issuers or any Guarantor such that, after giving pro forma effect to such incurrence and the application of the net proceeds therefrom, the Secured Leverage Ratio would not exceed 4.00 to 1.00.

*“Lien Sharing and Priority Confirmation”* means: (1) as to any future Series of Parity Lien Debt, the written agreement of the holders of such Series of Parity Lien Debt, as set forth in this Indenture, credit agreement or other agreement governing such Series of Parity Lien Debt, for the enforceable benefit of all holders of each existing and future Series of Secured Debt and each existing and future Secured Debt Representative: (a) that all Parity Lien Obligations will be and are secured equally and ratably by all Parity Liens at any time granted by the Issuers or any Guarantor to secure any Obligations in respect of such Series of Parity Lien Debt, whether or not upon property otherwise constituting collateral for such Series of Parity Lien Debt, and that all such Parity Liens will be enforceable by the Collateral Trustee for the benefit of all holders of Parity Lien Obligations equally and ratably; (b) that the holders of Obligations in respect of such Series of Parity Lien Debt are bound by the provisions of the Collateral Trust Agreement, including the provisions relating to the ranking of Parity Liens and the order of application of proceeds from the enforcement of Parity Liens; and (c) consenting to and directing the Collateral Trustee to perform its obligations under the Collateral Trust Agreement and the other Security Documents; and (2) as to any future Series of Junior Lien Debt, the written agreement of the holders of such Series of Junior Lien Debt, as set forth in the applicable agreement governing such Series of Junior Lien Debt, for the enforceable benefit of all holders of each existing and future Series of Secured Debt and each existing and future Secured Debt Representative: (a) that all Junior Lien Obligations will be and are secured equally and ratably by all Junior Liens at any time granted by the Issuers or any Guarantor to secure any Obligations in respect of such Series of Junior Lien Debt, whether or not upon property otherwise constituting collateral for such Series of Junior Lien Debt, and that all such Junior Liens will be enforceable by the Collateral Trustee for the benefit of all holders of Junior Lien Obligations equally and ratably; (b) that the holders of Obligations in respect of such Series of Junior Lien Debt are bound by the provisions of the Collateral Trust Agreement, including the provisions relating to the ranking of Junior Liens and the order of application of proceeds from enforcement of Junior Liens; and (c) consenting to and directing the Collateral Trustee to perform its obligations under the Collateral Trust Agreement and the other Security Documents.



“*Liquidity*” means, as of any date of determination, cash and Cash Equivalents of the Company and its Restricted Subsidiaries minus the amount of accrued interest in respect of outstanding Indebtedness of the Company and its Restricted Subsidiaries minus the amount of trade payables of the Company and its Restricted Subsidiaries aged beyond the Company’s historical, ordinary course payment practices.

“*Moody’s*” means Moody’s Investors Service, Inc.

“*Net Proceeds*” means the aggregate cash proceeds and Cash Equivalents received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash or Cash Equivalents received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees and discounts, and sales commissions, and any other fees and expenses, including relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, and any reserve for adjustment in respect of the sale price of any asset or assets that were the subject of such Asset Sale established in accordance with GAAP.

“*Non-Recourse Debt*” means Indebtedness as to which neither the Company nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable as a guarantor or otherwise.

“*Non-U.S. Person*” means a Person who is not a U.S. Person.

“*Notes*” has the meaning assigned to it in the preamble to this Indenture.

“*Obligations*” means any principal (including reimbursement obligations with respect to letters of credit whether or not drawn), interest (including all interest accrued thereon after the commencement of any insolvency or liquidation proceeding at the rate, including any applicable post-default rate, specified in the applicable Secured Debt Documents, even if such interest is not enforceable, allowable or allowed as a claim in such proceeding), premium, if any, fees, indemnifications, reimbursements, expenses and other liabilities payable under the documentation governing any Indebtedness.

“*Officer*” means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, the Controller, the Secretary, any Assistant Secretary or any Vice-President of such Person.

“*Officers’ Certificate*” means with respect to any person, a certificate signed on behalf of the Person by two Officers of the Person, one of whom, solely in respect of the Officers’ Certificate required by Section 4.04(a), must be the principal executive officer, the principal financial officer, the treasurer or the principal accounting officer of the Person, that, if applicable, meets the requirements of Section 13.03 hereof.

“*Opinion of Counsel*” means an opinion from legal counsel who is reasonably acceptable to the Trustee, that meets the requirements of Section 13.03 hereof. The counsel may be an employee of or counsel to the Company or any Subsidiary of the Company, reasonably acceptable to the Trustee.

“*Parent Distribution Asset Sale*” means an Asset Sale, the proceeds of which are required to be distributed, in whole or in part, to Radio One pursuant to Section 4.10(c) of the Radio One Indenture prior to the making of an Asset Sale Offer (and any payments accepted by any Holder in respect of such Asset Sale Offer).

“*Parity Lien*” means a Lien granted by a Parity Lien Document to the Collateral Trustee, at any time, upon any property of the Issuers or any Guarantor to secure Parity Lien Obligations.

*“Parity Lien Debt”* means : (1) the Notes issued under this Indenture and the Note Guarantees of the Guarantors; and (2) any other Indebtedness of the Issuers that is secured equally and ratably with the Notes by a Parity Lien that was permitted to be incurred and so secured under this Indenture and each other applicable Secured Debt Document and any Guarantees by Guarantors of such Indebtedness; *provided* that in the case of any Indebtedness referred to in clause (2) of this definition: (a) on or before the date on which such Indebtedness is incurred by the Issuers, such Indebtedness is designated by the Issuers in an Officers’ Certificate delivered to each Parity Lien Representative, each Priority Lien Representative, each Junior Lien Representative and the Collateral Trustee, as “Parity Lien Debt” for the purposes of this Indenture and the Collateral Trust Agreement (*provided* that no Series of Secured Debt may be designated as both Parity Lien Debt and Priority Lien Debt and/or Junior Lien Debt); (b) such Indebtedness is governed by an indenture, credit agreement or other agreement that includes a Lien Sharing and Priority Confirmation; (c) such Indebtedness has a final Stated Maturity Date equal to or later than the final Stated Maturity Date of the Notes; (d) the Issuers and the Guarantors shall enter into supplemental Security Documents, pursuant to which such grantors shall grant to the Collateral Trustee, for the ratable benefit of the holders of the Notes, a security interest in any assets or property of the grantors not otherwise granted under this Indenture or the Security Documents prior to such date to the extent such grantors grant a security interest in such assets to the holders of such Parity Lien Debt or to any of their representatives (such supplemental Security Documents shall contain such additional customary covenants, representations, conditions (including delivery of customary legal opinions) and other provisions relating to such additional assets or the granting of such security interest as the Collateral Trustee may reasonably request; (e) the Issuers and the Guarantors shall enter into and file such other agreements, amendments, financing statements or other documents as the Collateral Trustee shall reasonably request in furtherance of the foregoing or as are necessary in order to comply with the requirements of this Indenture and the applicable Security Documents (including any supplemental Security Documents); (f) the Issuers, the Guarantors and the Collateral Trustee shall have entered into the Collateral Trust Agreement; and (g) all requirements set forth in the Collateral Trust Agreement as to the confirmation, grant or perfection of the Collateral Trustee’s Liens to secure such Indebtedness or Obligations in respect thereof are satisfied (and the satisfaction of such requirements and the other provisions of this definition will be conclusively established if the Issuers delivers to the Collateral Trustee an Officers’ Certificate stating that such requirements and other provisions have been satisfied and that such Indebtedness is “Parity Lien Debt”).

*“Parity Lien Documents”* means, collectively, (i) this Indenture, the Notes, the Note Guarantees, (ii) the indenture, credit agreement or other agreement governing each other Series of Parity Lien Debt and (iii) the Security Documents (other than any Security Documents that do not secure Parity Lien Obligations).

*“Parity Lien Obligations”* means Parity Lien Debt and all other Obligations in respect thereof.

*“Parity Lien Representatives”* (1) in the case of the Notes, the Trustee; or (2) in the case of any other Series of Parity Lien Debt, the trustee, agent or representative of the holders of such Series of Parity Lien Debt who maintains the transfer register for such Series of Parity Lien Debt and (a) is appointed as Parity Lien Representative (for purposes related to the administration of the security documents) pursuant to this Indenture, credit agreement or other agreement governing such Series of Parity Lien Debt, together with its successors in such capacity, and (b) has become a party to the Collateral Trust Agreement by executing a joinder in the form required under the Collateral Trust Agreement.

*“Participant”* means, with respect to the Depository, Euroclear or Clearstream, a Person who has an account with the Depository, Euroclear or Clearstream, respectively (and, with respect to DTC, shall include Euroclear and Clearstream).

*“Permitted Asset Swap”* means any disposition of assets by the Company or any of its Restricted Subsidiaries to any Person (other than the Company or any Subsidiary of the Company) in which at least 95% of the consideration received by the Company or such Restricted Subsidiary consists of:

(1) all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any Restricted Subsidiary; and/or

(2) other assets that are not classified as current assets under GAAP and that are used or useful in a Permitted Business and, to the extent received in exchange for assets that constituted Collateral, pledged as Collateral pursuant to the terms of the Security Documents,

*provided* that any consideration not constituting assets or property of a kind usable by the Company and its Restricted Subsidiaries in the Permitted Business received by the Company or any of its Restricted Subsidiaries in connection with any Asset Sale that constitutes a Permitted Asset Swap shall constitute Net Proceeds from an Asset Sale pursuant to Section 4.10.

*“Permitted Business”* means the business of (i) producing or acquiring programming and video content for the purpose of transmitting such programming or video content via various distribution platforms; (ii) transmitting programming or video content via various distribution platforms; (iii) selling and distributing advertising in connection with transmitting such programming or video content; or (iv) evaluating, participating or pursuing any other activity or opportunity that is reasonably related, ancillary or complementary to, any of the businesses identified in clauses (i)-(iii) above, as determined in good faith by the Company.

“Permitted Investments” means:

- (1) any Investment in the Company or in a Restricted Subsidiary that is a Guarantor;
- (2) any Investment in Cash Equivalents;
- (3) any Investment by the Company or any Restricted Subsidiary of the Company in a Person, if as a result of such Investment:
  - (a) such Person becomes a Restricted Subsidiary of the Company that is a Guarantor; or
  - (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company that is a Guarantor;
- (4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Section 4.10 hereof;
- (5) any acquisition of assets or Capital Stock solely in exchange for, or out of the net cash proceeds received from, the issuance of Equity Interests (other than Disqualified Stock) of the Company;
- (6) any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (B) litigation, arbitration or other disputes;
- (7) Investments represented by Hedging Obligations;
- (8) endorsements of negotiable instruments and documents in the ordinary course of business;
- (9) pledges or deposits permitted under clauses (6) and (26) of the definition of “Permitted Liens”;
- (10) loans or advances to employees, including advances to employees for moving and travel expenses and similar expenditures, made in the ordinary course of business of the Company or any Restricted Subsidiary of the Company in an aggregate principal amount not to exceed \$1.0 million at any one time outstanding;
- (11) receivables owing to the Company or any Restricted Subsidiary of the Company if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms as the Company or such Restricted Subsidiary of the Company deems reasonable under the circumstances;
- (12) repurchases of the Notes;
- (13) any guarantee of Indebtedness permitted to be incurred under Section 4.09 other than a guarantee of Indebtedness of an Affiliate of the Company that is not a Restricted Subsidiary of the Company;
- (14) any Investment existing on, or made pursuant to binding commitments existing on, the date of this Indenture and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the date of this Indenture; *provided* that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the date of this Indenture or (b) as otherwise permitted under this Indenture;
- (15) Investments acquired after the date of this Indenture as a result of the acquisition by the Company or any Restricted Subsidiary of the Company of another Person, including by way of a merger, amalgamation or consolidation with or into the Company or any of its Restricted Subsidiaries in a transaction that is not prohibited by Section 5.01 hereof after the date of this Indenture to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;
- (16) Investments by the Company and its Restricted Subsidiaries consisting of deposits, prepayment and other credits to suppliers or lessors in the ordinary course of business; and
- (17) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (17) that are at the time outstanding not to exceed \$10.0 million; *provided* that if an Investment made pursuant to this clause (17) is made in any Person that is not a Restricted Subsidiary of the Company at the date of the making of the Investment and such Person becomes a Restricted Subsidiary of the Company after such date, such Investment will thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (17).

For purposes of this definition, in the event that a proposed Investment (or portion thereof) meets the criteria of more than one of the categories of Permitted Investments described in clauses (1) through (17) above, or is otherwise entitled to be incurred or made pursuant to Section 4.07 hereto, the Company will be entitled to classify, or later reclassify, such Investment (or portion thereof) in one or more of such categories set forth above or under Section 4.07 hereto.

“*Permitted Liens*” means:

(1) Liens held by the Collateral Trustee securing (a) Parity Lien Debt and/or Junior Lien Debt or in an aggregate principal amount (as of the date of incurrence of any Parity Lien Debt or Junior Lien Debt, as applicable, and after giving pro forma effect to the application of the net proceeds therefrom) not exceeding the Lien Cap, and (b) all other Obligations (other than principal) in respect of such Parity Lien Debt described in clause (a);

(2) Liens in favor of the Company or the Subsidiary Guarantors;

(3) Liens on property of a Person existing at the time such Person becomes a Restricted Subsidiary of the Company or is merged with or into or consolidated with the Company or any Restricted Subsidiary of the Company; *provided* that such Liens were in existence prior to the contemplation of such Person becoming a Restricted Subsidiary of the Company or such merger or consolidation and do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary of the Company or is merged with or into or consolidated with the Company or any Restricted Subsidiary of the Company;

(4) Liens on property (including Capital Stock) existing at the time of acquisition of the property by the Company or any Subsidiary of the Company; *provided* that such Liens were in existence prior to such acquisition and not incurred in contemplation of, such acquisition;

(5) Liens to secure the performance of statutory obligations, insurance, surety or appeal bonds, workers compensation obligations, unemployment insurance and other types of social security and deposits securing liability to or in respect of insurance carriers, landlords, performance bonds or other obligations of a like nature incurred in the ordinary course of business (including Liens to secure letters of credit issued to assure payment of such obligations);

(6) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by Section 4.09(b)(3) covering only the assets acquired with or financed by such Indebtedness;

(7) (a) Liens existing on the date of this Indenture and (b) Liens in respect of Guarantees (permitted by the terms of this Indenture) of secured Indebtedness outstanding on the date of this Indenture (to the extent that the terms of such secured Indebtedness in effect on the date of this Indenture require such secured Guarantees to be added);

(8) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; *provided* that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(9) Liens imposed by law, such as carriers', warehousemen's, landlord's and mechanics' Liens, in each case, incurred in the ordinary course of business;

(10) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(11) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under this Indenture (other than Priority Lien Debt, Parity Lien Debt or Junior Lien Debt); *provided, however*, that:

(a) the new Lien is limited to all or part of the same property and assets that secured (other than, in the case of accounts receivables and inventories, property of the same category to the extent the terms of the Lien being extended, renewed or replaced extended to or covered such category of property) or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and

(b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(12) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings; *provided* that such Liens do not encumber any property other than cash paid to any such insurance company in respect of such insurance;

(13) filing of Uniform Commercial Code financing statements as a precautionary measure in connection with operating leases;

(14) bankers' Liens, rights of setoff, Liens arising out of judgments or awards not constituting an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(15) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances and letters of credit issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(16) grants of software and other technology licenses in the ordinary course of business;

(17) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(18) grants of leases and subleases in the ordinary course of business that do not materially interfere with the ordinary course of business of the lessor;

(19) any interest or title of a lessor in the property subject to any operating lease entered into in the ordinary course of business;

(20) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(21) options, put and call arrangements, rights of first refusal and similar rights relating to Investments in joint ventures, partnerships and the like that are not Subsidiaries;

(22) Liens on any cash earnest money deposits made by the Company or any Restricted Subsidiary in connection with any letter of intent or purchase agreement;

(23) any encumbrances or restrictions (including put and call agreements) with respect to the Capital Stock of any joint venture or partnership that are not Subsidiaries;

(24) Liens in respect of contractual rights of setoff in favor of counterparties to contractual agreements with the company or any Restricted Subsidiary of the Company in the ordinary course of business;

(25) any pledge of the Capital Stock of an Unrestricted Subsidiary to secure Indebtedness of such Unrestricted Subsidiary;

(26) Liens on the property or assets of a Restricted Subsidiary of the Company that is not a Guarantor securing Indebtedness of such Restricted Subsidiary which Indebtedness is permitted under Section 4.09; and

(27) Liens incurred in the ordinary course of business of the Company or any Restricted Subsidiary of the Company with respect to obligations that do not exceed \$5.0 million at any one time outstanding.

*“Permitted Refinancing Indebtedness”* means any Indebtedness (including Disqualified Stock) of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge other Indebtedness (including Disqualified Stock) of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided that*:

(1) the principal amount (or accreted value, if applicable) or, in the case of Disqualified Stock, liquidation preference, of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final stated maturity date or, in the case of Disqualified Stock, redemption date, equal to or later than the final stated maturity date or, in the case of Disqualified Stock, redemption date, of, and (other than in the case of Disqualified Stock) has a Weighted Average Life to Maturity that is (a) equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged or (b) more than ninety (90) days after the final maturity date of the Notes;

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes on terms at least as favorable to the holders of Notes as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged; and

(4) such Indebtedness is incurred either by the Company or by the Restricted Subsidiary of the Company that was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged and is guaranteed only by Persons (or the same categories of Persons, to the extent the terms of the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged required guarantees from such categories of Persons) who were obligors on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged.

*“Person”* means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

*“Private Placement Legend”* means the legend set forth in Section 2.06(f)(1) hereof to be placed on all Notes issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

*“Programming Payments”* means, for any period, the sum of all payments by the Company and its Restricted Subsidiaries made or scheduled to be made during such period in respect of the purchase, use, license or acquisition of programs, programming materials, films, and similar assets used in connection with the business and operations of the Company and its Restricted Subsidiaries.

*“QIB”* means a “qualified institutional buyer” as defined in Rule 144A.

*“Qualifying Equity Interests”* means Equity Interests of the Company other than Disqualified Stock.

*“Radio One”* means Radio One, Inc., a Delaware corporation.

*“Radio One Indenture”* means the Indenture, dated as of November 24, 2010, among Radio One, the guarantors party thereto and Wilmington Trust Company, as trustee.

*“Regulation S”* means Regulation S promulgated under the Securities Act.

*“Regulation S Global Note”* means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of the Notes of the Issuers initially sold in reliance on Rule 903 of Regulation S.

*“Regulation S Global Security”* means a Regulation S Global Note.

*“Required Junior Lien Debtholders”* means, at any time, the holders of more than 50% of the sum of: (a) the aggregate outstanding principal amount of Junior Lien Debt (including outstanding letters of credit whether or not then available or drawn); and (b) other than in connection with the exercise of remedies, the aggregate unfunded commitments to extend credit which, when funded, would constitute Junior Lien Debt. For purposes of this definition, (a) Junior Lien Debt registered in the name of, or beneficially owned by, the Issuers or any Affiliate of the Issuers will be deemed not to be outstanding, and (b) votes will be determined in accordance with the provisions of the Security Documents.

*“Required Parity Lien Debtholders”* means, at any time, the holders of more than 50% of the sum of: (a) the aggregate outstanding principal amount of Parity Lien Debt (including outstanding letters of credit whether or not then available or drawn); and (b) other than in connection with the exercise of remedies, the aggregate unfunded commitments to extend credit which, when funded, would constitute Parity Lien Debt. For purposes of this definition, (a) Parity Lien Debt registered in the name of, or beneficially owned by, the Issuers or any Affiliate of the Issuers will be deemed not to be outstanding, and (b) votes will be determined in accordance with the provisions of the Security Documents.

*“Responsible Officer,”* when used with respect to the Trustee, means any officer within the Corporate Trust Department of the Trustee (or any successor group of the Trustee) and who shall have direct responsibility for the administration of this Indenture and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

*“Restricted Definitive Note”* means a Definitive Note bearing the Private Placement Legend.

*“Restricted Definitive Security”* means a Restricted Definitive Note.

*“Restricted Global Note”* means a Global Note bearing the Private Placement Legend.

*“Restricted Global Security”* means a Restricted Global Note.

*“Restricted Investment”* means an Investment other than a Permitted Investment.

*“Restricted Period”* means the 40-day distribution compliance period as defined in Regulation S.

*“Restricted Subsidiary”* of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

*“Rule 144”* means Rule 144 promulgated under the Securities Act.

*“Rule 144A”* means Rule 144A promulgated under the Securities Act.

*“Rule 903”* means Rule 903 promulgated under the Securities Act.

*“Rule 904”* means Rule 904 promulgated under the Securities Act.

*“S&P”* means Standard & Poor’s Ratings Group.

*“Sale of Collateral”* means any Asset Sale involving a sale or other disposition of Collateral.

*“SEC”* means the Securities and Exchange Commission.

*“Secured Debt”* means Parity Lien Debt and Junior Lien Debt.

*“Secured Debt Collateral Documents”* means the (i) the Security Documents and (ii) all other security agreements, pledge agreements, collateral assignments, mortgages, deeds of trust, collateral agency agreements, intercreditor agreements, control agreements or other grants or transfers for security executed and delivered by the Issuers or any Guarantor creating (or purporting to create), or relating to (or purporting to relate to) the priority of, a Lien upon any portion of the Collateral in connection with the incurrence of any Secured Debt, in each case, as amended, modified, renewed, restated or replaced, in whole or in part, from time to time, in accordance with its terms and the provisions of this Indenture and the applicable Secured Debt Collateral Documents.

*“Secured Debt Documents”* means the Parity Lien Documents and the Junior Lien Documents.

*“Secured Debt Representatives”* means the Parity Lien Representatives and Junior Lien Representatives.

*“Secured Leverage Ratio”* means, on any date, the ratio of:

(1) the aggregate principal amount of Secured Debt outstanding on such date plus all Indebtedness of Restricted Subsidiaries of the Company that are not Guarantors outstanding on such date (and, for this purpose, letters of credit will be deemed to have a principal amount equal to the face amount thereof, whether or not drawn (but without duplication of any unpaid reimbursement obligations in respect of drawings thereunder)), but excluding, in each case, any Indebtedness representing Hedging Obligations, to:

(2) the Consolidated EBITDA for the Company for the most recent four-quarter period for which financial information is available, in each case determined on a pro forma basis after giving effect to all acquisitions or dispositions of assets made by the Company and its Subsidiaries from the beginning of such quarter or four-quarter period, as applicable, through and including such date of determination (including any related financing transactions) as if such acquisitions and dispositions had occurred at the beginning of such quarter or four-quarter period, as applicable.

In addition, for purposes of calculating the Secured Leverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations or acquisitions of assets, or any Person or any of its Restricted Subsidiaries acquired by merger, consolidation or the acquisition of all or substantially all of its assets by the specified Person or any of its Restricted Subsidiaries, and including any related financing transactions and including increases in ownership of Restricted Subsidiaries, during the quarter or four-quarter reference period, as applicable or subsequent to such reference period and on or prior to the date on which the event for which the calculation of the Secured Leverage Ratio is made (the “Secured Leverage Calculation Date”) will be given pro forma effect (as determined in good faith by the Company’s chief financial officer and consistent in all material respects with GAAP) as if they had occurred on the first day of the quarter or four-quarter reference period, as applicable;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Secured Leverage Calculation Date will be excluded;

(3) any Person that is a Restricted Subsidiary on the Secured Leverage Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such quarter or four-quarter period, as applicable; and

(4) any Person that is not a Restricted Subsidiary on the Secured Leverage Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such quarter or four-quarter period, as applicable.

“*Secured Obligations*” means the Parity Lien Obligations and the Junior Lien Obligations.

“*Securities*” has the meaning assigned to it in the preamble to this Indenture. The Initial Securities and the Additional Securities shall be treated as a single class for all purposes under this Indenture, and unless the context otherwise requires, all references to the Securities shall include the Initial Securities and any Additional Securities.

“*Securities Act*” means the Securities Act of 1933, as amended.

“*Security Documents*” means all security agreements, pledge agreements, collateral assignments, mortgages, deeds of trust, collateral agency agreements, intercreditor agreements, control agreements or other grants or transfers for security executed and delivered by the Company or any Guarantor creating (or purporting to create), or relating to (or purporting to relate to) the priority of, a Lien upon the Collateral in favor of the Collateral Trustee for the benefit of the holders of the Notes (including, without limitation, the Collateral Agreement dated as of the Closing Date among the Issuers, the Guarantors from time to time party thereto and the Collateral Trustee), in each case, as amended, modified, renewed, restated or replaced, in whole or in part, from time to time, in accordance with its terms and the provisions of this Indenture and the applicable Security Documents.

“*Series of Junior Lien Debt*” means, severally, each issue or series of Junior Lien Debt for which a single transfer register is maintained.

“*Series of Parity Lien Debt*” means, severally, the Notes and each other issue or series of Parity Lien Debt for which a single transfer register is maintained.

“*Series of Secured Debt*” means each Series of Parity Lien Debt and each Series of Junior Lien Debt.

“*Significant Subsidiary*” means any Restricted Subsidiary that would be a “significant subsidiary” as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date of this Indenture.

“*Stated Maturity*” means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the later of the date of this Indenture and the date of incurrence of such Indebtedness, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

“*Subsidiary*” means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders’ agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.



“*Subsidiary Guarantor*” means any Subsidiary of the Company that executes a Note Guarantee with respect to the Notes in accordance with the provisions of this Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of this Indenture.

“*Transactions*” means, collectively, the issuance of the Initial Notes and the application of the net proceeds therefrom to repurchase Equity Interests of the Company from the Financial Investor Members or the Class D Members (in each case, as such terms are defined in the Company LLC Agreement) and/or the DTV Investors from time to time.

“*Treasury Rate*” means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two (2) Business Days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to March 15, 2013; *provided, however*, that if the period from the redemption date to March 15, 2013, is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

“*Trustee*” means U.S. Bank National Association, until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

“*Unrestricted Definitive Note*” means a Definitive Note that does not bear and is not required to bear the Private Placement Legend.

“*Unrestricted Definitive Security*” means an Unrestricted Definitive Note.

“*Unrestricted Global Note*” means a Global Note that does not bear and is not required to bear the Private Placement Legend.

“*Unrestricted Global Security*” means an Unrestricted Global Note.

“*Unrestricted Subsidiary*” means any Subsidiary of the Company that is designated by the Board of Directors of the Company as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors and any Subsidiary thereof, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by Section 4.11 hereof, is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company;

(3) is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person’s financial condition or to cause such Person to achieve any specified levels of operating results;

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Company or any of its Restricted Subsidiaries; and

(5) is not an Issuer.

“*U.S.*” means the United States.”

“*U.S. Person*” means a U.S. Person as defined in Rule 902(k) promulgated under the Securities Act.

“*Voting Stock*” of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

“*Weighted Average Life to Maturity*” means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; *by*

(2) the then outstanding principal amount of such Indebtedness.

“*Wholly-Owned Subsidiary*” of any Person means a Subsidiary of such Person, 100% of the outstanding Equity Interests of which (other than directors’ qualifying shares) shall at the time be owned by such Person or by one or more Wholly-Owned Subsidiaries of such Person.

*Section 1.02 Other Definitions.*

Term	Defined in Section
"Affiliate Transaction"	4.11
"Asset Sale Offer"	4.10
"Authentication Order"	2.02
"Available Proceeds"	3.01
"Change of Control Offer"	4.15
"Change of Control Payment"	4.15
"Change of Control Payment Date"	4.15
"Collateral Proceeds Account"	4.10
"Covenant Defeasance"	8.03
"DTC"	2.03
"Event of Default"	6.01
"Excess Proceeds"	4.10
"Global Security"	2.01
"incur"	4.09
"Judgment Conversion Date"	13.12
"Judgment Currency"	13.12
"Legal Defeasance"	8.02
"Offer Amount"	3.08
"Offer Period"	3.08
"Paying Agent"	2.03
"Permitted Debt"	4.09
"Permitted Parties"	4.03
"Payment Default"	6.01
"Payor"	4.19
"Purchase Date"	3.08
"rate of exchange"	13.13
"Register"	2.03
"Registrar"	2.03
"Relevant Fiscal Year"	4.20
"Restricted Payments"	4.07
"Successor Guarantor"	10.04
"Successor Person"	5.01
"Taxes"	4.19
"Mortgages"	12.08
"Note Guarantee"	10.01
"Premises"	12.08

*Section 1.03 Rules of Construction.*

Unless the context otherwise requires:

- (1) a term has the meaning assigned to it;
- (2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
- (3) "or" is not exclusive;
- (4) words in the singular include the plural, and in the plural include the singular;
- (5) "will" shall be interpreted to express a command;
- (6) provisions apply to successive events and transactions; and
- (7) references to sections of or rules under the Securities Act will be deemed to include substitute, replacement or successor sections or rules adopted by the SEC from time to time.

## ARTICLE 2

### THE SECURITIES

#### *Section 2.01 Form and Dating.*

(a) *General.* The Notes and the related Trustee's certificates of authentication for the Notes will be substantially in the form of Exhibit A hereto. The Securities may have notations, legends or endorsements required by law, stock exchange rule or usage; *provided*, that any such notations, legends or endorsements are in a form acceptable to the Issuers. Each Note will be dated the date of its authentication.

The terms and provisions contained in the Securities will constitute, and are hereby expressly made, a part of this Indenture and the Issuers, the Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Security conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(b) *Global Notes.* Notes issued in global form (including the Global Note Legend thereon and the "Schedule of Exchanges of Interests in the Global Note" attached thereto) will be substantially in the form of Exhibit A attached hereto. Notes issued in definitive form (but without the Global Note Legend thereon and without the "Schedule of Exchanges of Interests in the Global Note" attached thereto) will be substantially in the form of Exhibit A attached hereto. Each Global Note will represent such of the outstanding Notes as will be specified therein and each shall represent the aggregate principal amount of outstanding Notes from time to time endorsed thereon and the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby will be made by the Trustee or the Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

#### *Section 2.02 Execution and Authentication.*

At least one Officer of each Issuer must sign the Notes issued by such Issuer for such Issuer by manual or facsimile signature.

If an Officer whose signature is on a Note no longer holds that office at the time the Note is authenticated, the Note will nevertheless be valid.

No Note will be valid until authenticated by the manual signature of authorized signatory of the Trustee. The signature will be conclusive evidence that the Note has been authenticated under this Indenture.

The Trustee will, upon receipt of a written order of the Issuers signed by two Officers of each Issuer (an "*Authentication Order*"), authenticate Notes for original issue that may be validly issued under this Indenture, including any Notes issued as Additional Securities. The aggregate principal amount of Notes outstanding at any time may not exceed the aggregate principal amount of Notes authorized for issuance by the Issuers pursuant to one or more Authentication Orders, except as provided in Section 2.07 hereof.

The Trustee may appoint an authenticating agent acceptable to the Issuers to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of the Issuers.

#### *Section 2.03 Registrar and Paying Agent.*

The Issuers will maintain an office or agency where Notes may be presented for registration of transfer or for exchange ("*Registrar*") and an office or agency where Notes may be presented for payment ("*Paying Agent*"). The Registrar shall keep a register (the "*Register*") of the Notes and of their transfer and exchange. The Issuers may appoint one or more co-registrars and one or more additional paying agents.

The term "*Registrar*" includes any co-registrar and the term "*Paying Agent*" includes any additional paying agent. The Issuers may change any Paying Agent or Registrar without notice to any Holder. The Issuers will notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Issuers fail to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Issuers or any of their Subsidiaries may act as Paying Agent or Registrar.

The Issuers initially appoint The Depository Trust Company ("*DTC*") to act as Depository with respect to the Global Securities.

The Issuers initially appoint the Trustee to act as the Registrar and Paying Agent in connection with the Securities, until such time as the Trustee has resigned or a successor has been appointed pursuant to Section 7.07, and to act as Custodian with respect to the Global Securities.

*Section 2.04 Paying Agent to Hold Money in Trust.*

On or prior to 10:00 a.m. New York City time on each due date of the principal and interest on any Security, the Issuers shall deposit with the Paying Agent a sum sufficient to pay such principal and interest on any Security as it becomes due. The Issuers shall require each Paying Agent (other than the Trustee) to agree in writing that the Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal of, premium on, if any, or interest, if any, on the Securities, and shall notify the Trustee of any default by the Issuers in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Issuers at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than an Issuer or a Subsidiary) shall have no further liability for the money. If an Issuer or a Subsidiary acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to an Issuer, the Trustee shall serve as Paying Agent for the Securities.

*Section 2.05 Holder Lists.*

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders. If the Trustee is not the Registrar, the Issuers shall furnish to the Trustee or cause the Registrar to furnish to the Trustee, at least five (5) Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Securities; *provided* that as long as the Trustee is the Registrar, no such list need be furnished.

*Section 2.06 Transfer and Exchange.*

(a) *Transfer and Exchange of Global Securities.* A Global Security may not be transferred except as a whole by the Depository to a nominee of the Depository, by a nominee of the Depository to the Depository or to another nominee of the Depository, or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository. All Global Securities shall be exchanged by the Issuers for Definitive Securities only in the following limited circumstances:

(1) the Issuers deliver to the Trustee notice from the Depository that it is unwilling or unable to continue to act as Depository or that it is no longer a clearing agency registered under the Exchange Act at a time when it is required to be so registered in order to act as depository and, in each case, a successor Depository is not appointed by the Issuers within 120 days after the date of such notice from the Depository;

(2) subject to the procedures of the Depository, the Issuers in their sole discretion jointly determine that Global Securities (in whole but not in part) should be exchanged for Definitive Securities and delivers a written notice to such effect to the Trustee; or

(3) there has occurred and is continuing a Default or Event of Default with respect to the Securities.

Upon the occurrence of either of the preceding events in (1), (2) or (3) above, Definitive Securities shall be issued in such names as the Depository shall instruct the Trustee. Global Securities also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Security or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Security. A Global Security may not be exchanged for another Security other than as provided in this Section 2.06(a), however, beneficial interests in a Global Security may be transferred and exchanged as provided in Section 2.06(b) or (c) or (d) hereof.

(b) *Transfer and Exchange of Beneficial Interests in the Global Securities.* The transfer and exchange of beneficial interests in Global Securities will be effected through the Depository, in accordance with the provisions of this Indenture and the Applicable Procedures. None of the Issuers, the Trustee, Paying Agent, nor any agent of the Issuers shall have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Security, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest. Beneficial interests in the Restricted Global Securities will be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Securities also will require compliance with either subparagraph (1) or (2) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(1) *Transfer of Beneficial Interests in the Same Global Security.* Beneficial interests in any Restricted Global Security may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Security in accordance with the transfer restrictions set forth in the Private Placement Legend. Beneficial interests in any Unrestricted Global Security may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Security. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(1).

(2) *All Other Transfers and Exchanges of Beneficial Interests in Global Securities.* In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(1) above, the transferor of such beneficial interest must deliver to the Registrar either:

(A) both:

(i) a written order from a Participant or an Indirect Participant given to the Depository in accordance with the Applicable Procedures directing the Depository to credit or cause to be credited a beneficial interest in another Global Security in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase; or

(B) both:

(i) a written order from a Participant or an Indirect Participant given to the Depository in accordance with the Applicable Procedures directing the Depository to cause to be issued a Definitive Security in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given by the Depository to the Registrar containing information regarding the Person in whose name such Definitive Security shall be registered to effect the transfer or exchange referred to in (1) above.

Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Securities contained in this Indenture and the Securities, the Trustee shall adjust the principal amount of the relevant Global Securities pursuant to Section 2.06(g) hereof.

(3) *Transfer of Beneficial Interests to Another Restricted Global Security.* A beneficial interest in any Restricted Global Security may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Security if the transfer complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Security, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Global Security, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transferee will take delivery in the form of a beneficial interest in the IAI Global Security, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(4) *Transfer and Exchange of Beneficial Interests in a Restricted Global Security for Beneficial Interests in an Unrestricted Global Security.* A beneficial interest in any Restricted Global Security may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Security or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Security if the exchange or transfer complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

(i) if the holder of such beneficial interest in a Restricted Global Security proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Security, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof; or

(ii) if the holder of such beneficial interest in a Restricted Global Security proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Security, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (4), if the Issuers so request or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Issuers to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to subparagraph (4) above at a time when an Unrestricted Global Security has not yet been issued, the Issuers shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to subparagraph (4) above.

Beneficial interests in an Unrestricted Global Security cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Security.

*(c) Transfer or Exchange of Beneficial Interests for Definitive Securities.*

*(1) Beneficial Interests in Restricted Global Securities to Restricted Definitive Securities.* If any holder of a beneficial interest in a Restricted Global Security proposes to exchange such beneficial interest for a Restricted Definitive Security or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Security, then, upon receipt by the Registrar of the following documentation:

(A) if the holder of such beneficial interest in a Restricted Global Security proposes to exchange such beneficial interest for a Restricted Definitive Security, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such beneficial interest is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable;

(F) if such beneficial interest is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(G) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Security to be reduced accordingly pursuant to Section 2.06(g) hereof, and the Issuers shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Security in the appropriate principal amount. Any Definitive Security issued in exchange for a beneficial interest in a Restricted Global Security pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Securities to the Persons in whose names such Securities are so registered. Each Issuer shall promptly deliver to the Trustee a supply of Definitive Notes to enable the Registrar to deliver the Definitive Notes contemplated by this Section 2.06(c)(1). Any Definitive Security issued in exchange for a beneficial interest in a Restricted Global Security pursuant to this Section 2.06(c)(1) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

*(2) Beneficial Interests in Restricted Global Securities to Unrestricted Definitive Securities.* A holder of a beneficial interest in a Restricted Global Security may exchange such beneficial interest for an Unrestricted Definitive Security or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Security only if the Registrar receives the following:

(i) if the holder of such beneficial interest in a Restricted Global Security proposes to exchange such beneficial interest for an Unrestricted Definitive Security, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(b) thereof; or

(ii) if the holder of such beneficial interest in a Restricted Global Security proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Security, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (2), if Issuers so request or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Issuers to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act. Each Issuer shall promptly deliver to the Trustee a supply of Definitive Notes to enable the Registrar to deliver the Definitive Notes contemplated by this Section 2.06(c)(2).

(3) *Beneficial Interests in Unrestricted Global Securities to Unrestricted Definitive Securities.* If any holder of a beneficial interest in an Unrestricted Global Security proposes to exchange such beneficial interest for a Definitive Security or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Security, then, upon satisfaction of the conditions set forth in Section 2.06(b)(2) hereof, the Trustee will cause the aggregate principal amount of Notes of the applicable Global Security to be reduced accordingly pursuant to Section 2.06(g) hereof, and the Company will execute and the Trustee will authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Security issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(3) will be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest requests through instructions to the Registrar from or through the Depository and the Participant or Indirect Participant. The Trustee will deliver such Definitive Securities to the Persons in whose names such Securities are so registered. Any Definitive Security issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(3) will not bear the Private Placement Legend. Each Issuer shall promptly deliver to the Trustee a supply of Definitive Notes to enable the Registrar to deliver the Definitive Notes contemplated by this Section 2.06(c)(3).

(d) *Transfer and Exchange of Definitive Securities for Beneficial Interests.*

(1) *Restricted Definitive Securities to Beneficial Interests in Restricted Global Securities.* If any Holder of a Restricted Definitive Security proposes to exchange such Security for a beneficial interest in a Restricted Global Security or to transfer such Restricted Definitive Securities to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Security, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Security proposes to exchange such Security for a beneficial interest in a Restricted Global Security, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;

(B) if such Restricted Definitive Security is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Security is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such Restricted Definitive Security is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof; or

(E) if such Restricted Definitive Security is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable,

the Trustee will cancel the Restricted Definitive Security, increase or cause to be increased the amount of or aggregate principal amount of (as the case may be), in the case of clause (A) above, the appropriate Restricted Global Security, in the case of clause (B) above, the 144A Global Security, in the case of clause (C) above, the Regulation S Global Security, and in the case of clauses (D) and (E) above, the IAI Global Security.

(2) *Restricted Definitive Securities to Beneficial Interests in Unrestricted Global Securities.* A Holder of a Restricted Definitive Security may exchange such Security for a beneficial interest in an Unrestricted Global Security or transfer such Restricted Definitive Security to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Security only if the Registrar receives the following:

(i) if the Holder of such Definitive Securities proposes to exchange such Security for a beneficial interest in the Unrestricted Global Security, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof; or

(ii) if the Holder of such Definitive Securities proposes to transfer such Security to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Security, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (2), if the Issuers so request or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to such Issuer to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.06(d)(2), the Trustee will cancel the Definitive Securities and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Security.

(3) *Unrestricted Definitive Securities to Beneficial Interests in Unrestricted Global Securities.* A Holder of an Unrestricted Definitive Security may exchange such Security for a beneficial interest in an Unrestricted Global Security or transfer such Definitive Securities to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Security at any time. Upon receipt of a request for such an exchange or transfer, the Trustee will cancel the applicable Unrestricted Definitive Security and increase or cause to be increased the amount or the aggregate principal amount, as the case may be, of one of the Unrestricted Global Securities.

If any such exchange or transfer from a Definitive Security to a beneficial interest is effected pursuant to subparagraphs (2) or (3) above at a time when an Unrestricted Global Security has not yet been issued, the Issuers will issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee will authenticate one or more Unrestricted Global Notes in the aggregate principal amount equal to the principal amount of Definitive Securities so transferred.

(e) *Transfer and Exchange of Definitive Securities for Definitive Securities.* Upon request by a Holder of Definitive Securities and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar will register the transfer or exchange of Definitive Securities. Prior to such registration of transfer or exchange, the requesting Holder must present or surrender to the Registrar the Definitive Securities duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder must provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e).

(1) *Restricted Definitive Securities to Restricted Definitive Securities.* Any Restricted Definitive Security may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Security if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(2) *Restricted Definitive Securities to Unrestricted Definitive Securities.* Any Restricted Definitive Security may be exchanged by the Holder thereof for an Unrestricted Definitive Security or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Security if the Registrar receives the following:

(i) if the Holder of such Restricted Definitive Securities proposes to exchange such Securities for an Unrestricted Definitive Security, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof; or

(ii) if the Holder of such Restricted Definitive Securities proposes to transfer such Securities to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Security, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (2), if the Issuers so request, an Opinion of Counsel in form reasonably acceptable to such Issuer, as the case may be, to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) *Unrestricted Definitive Securities to Unrestricted Definitive Securities.* A Holder of Unrestricted Definitive Securities may transfer such Securities to a Person who takes delivery thereof in the form of an Unrestricted Definitive Security. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Securities pursuant to the instructions from the Holder thereof.



(f) *Legends.* The following legends will appear on the face of the applicable Global Securities and Definitive Securities issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(1) *Private Placement Legend.*

(A) Except as permitted by subparagraph (B) below, each Global Security and each Definitive Security (and all Securities issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

“THIS SECURITY (OR ITS PREDECESSOR) HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE NEXT SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER:

(1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A “QIB”), OR (B) IT HAS ACQUIRED THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT;

(2) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN EXCEPT (A) TO THE ISSUERS, OR ANY OF THEIR SUBSIDIARIES, (B) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (C) IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S OF THE SECURITIES ACT, (D) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, (E) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUERS) OR (F) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE, IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION; AND

(3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

AS USED HEREIN, THE TERMS “OFFSHORE TRANSACTIONS” AND “UNITED STATES” HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS SECURITY IN VIOLATION OF THE FOREGOING.”

(B) Notwithstanding the foregoing, any Global Security or Definitive Security issued pursuant to subparagraphs (b)(4), (c)(2), (c)(3), (d)(2), (d)(3), (e)(2) or (e)(3) of this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) will not bear the Private Placement Legend.

(2) *Global Security Legend.* Each Global Security will bear a legend in substantially the following form:

“THIS GLOBAL SECURITY IS HELD BY OR ON BEHALF OF THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS SECURITY) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (2) THIS GLOBAL SECURITY MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (3) THIS GLOBAL SECURITY MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.10 OF THE INDENTURE AND (4) THIS GLOBAL SECURITY MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY OR ITS NOMINEE WITH THE PRIOR WRITTEN CONSENT OF THE ISSUERS.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (“DTC”), TO THE ISSUERS OR THEIR AGENTS FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.”

(g) *Cancellation and/or Adjustment of Global Securities.* At such time as all beneficial interests in a particular Global Security have been exchanged for Definitive Securities or a particular Global Security has been redeemed, repurchased or canceled in whole and not in part, each such Global Security will be returned to or retained and canceled by the Trustee in accordance with Section 2.10 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Security is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Security or for Definitive Securities, the principal amount of Notes represented by such Global Security will be reduced accordingly and an endorsement will be made on such Global Security by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Security, such other Global Security will be increased accordingly and an endorsement will be made on such Global Security by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase. At any time prior to such cancellation, if any beneficial interest in a Definitive Security is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in a Global Security, the principal amount of Notes represented by such Global Security will be increased accordingly and an endorsement will be made on such Global Security by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(h) *General Provisions Relating to Transfers and Exchanges.*

(1) To permit registrations of transfers and exchanges, the Issuers will execute and the Trustee will authenticate Global Notes and Definitive Notes upon receipt of an Authentication Order in accordance with Section 2.02 hereof or at the Registrar's request.

(2) No service charge will be made to a Holder of a beneficial interest in a Global Security or to a Holder of a Definitive Security for any registration of transfer or exchange, but the Issuers may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.10, 3.07, 3.08, 4.10, 4.15, 4.20 and 9.04 hereof).

(3) All Global Securities and Definitive Securities issued upon any registration of transfer or exchange of Global Securities or Definitive Securities will be the valid obligations of the Issuers, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Securities or Definitive Securities surrendered upon such registration of transfer or exchange.

(4) Neither the Registrar nor the Issuers will be required:

(A) to issue, to register the transfer of or to exchange any Securities during a period beginning at the opening of business fifteen (15) days before the day of any selection of Securities for redemption under Section 3.03 hereof and ending at the close of business on the day of selection;

(B) to register the transfer of or to exchange any Security selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part; or

(C) to register the transfer of or to exchange a Security between a record date and the next succeeding interest payment date.

(5) Prior to due presentment for the registration of a transfer of any Security, the Trustee, any Agent and the Issuers may deem and treat the Person in whose name any Security is registered as the absolute owner of such Security for the purpose of receiving payment of principal of and (subject to the record date provisions of the Notes) interest on such Securities and for all other purposes, and none of the Trustee, any Agent or the Issuers shall be affected by notice to the contrary.

(6) The Trustee will authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.02 hereof.

(7) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile.

Neither the Trustee nor the Registrar shall have any obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among Participants, members or beneficial owners in any Global Security) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

The Trustee shall retain copies of all letters, notices and other written communications received pursuant to this Section 2.06 (including all Securities received for transfer pursuant to this Section 2.06). The Issuers shall have the right to require the Trustee to deliver to the Issuers, at their expense, copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Trustee.

In connection with any transfer of any Security, the Trustee and the Issuers shall be entitled to receive, shall be under no duty to inquire into, may conclusively presume the correctness of, and shall be fully protected in relying upon the certificates, opinions and other information referred to herein (or in the forms provided herein, attached hereto or to the Security, or otherwise) received from any Holder and any transferee of any Security regarding the validity, legality and due authorization of any such transfer, the eligibility of the transferee to receive such Security and any other facts and circumstances related to such transfer.

#### *Section 2.07 Replacement Securities.*

If any mutilated Securities are surrendered to the Trustee or the Issuers or if the Holder of a Security claims that the Security has been lost, destroyed or wrongfully taken, the Issuers will issue and the Trustee, upon receipt of an Authentication Order, will authenticate a replacement Security if the Holder satisfies any reasonable requirements of the Trustee and the Issuers. If required by the Trustee or the Issuers, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Issuers to protect the Issuers, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Security is replaced. The Issuers and the Trustee may charge the Holders for each of its expenses in replacing a Security.

In case any such mutilated, destroyed, lost, or stolen Security has become or is about to become due and payable, the Issuers in their sole discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section 2.07, the Issuers may require the payment of a sum sufficient to cover any tax, assessment, fee or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security issued pursuant to this Section 2.07 in exchange for any mutilated Security or in lieu of any destroyed, lost, or stolen Security will constitute an original additional contractual obligation of the Issuers, whether or not the mutilated, destroyed, lost, or stolen Security shall be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities duly issued hereunder.

The provisions of this Section 2.07 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost, or stolen Securities.

#### *Section 2.08 Outstanding Securities.*

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Security effected by the Trustee in accordance with the provisions hereof, and those described in this Section 2.08 as not outstanding. Except as set forth in Section 2.09 hereof, a Security does not cease to be outstanding because the Issuers or an Affiliate of the Issuers holds the Security; however, Securities held by the Company or a Subsidiary of the Company shall not be deemed to be outstanding for purposes of Section 3.01(a) hereof.

If a Security is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding unless the Trustee and the Issuers receive proof satisfactory to them that the replaced Security is held by a protected purchaser. A mutilated Security ceases to be outstanding upon surrender of such Security and replacement thereof pursuant to Section 2.07. If the principal amount of any Security is considered paid under Section 4.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than an Issuer, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date or maturity date, money sufficient to pay Securities payable on that date, then on and after that date such Securities will be deemed to be no longer outstanding and will cease to accrue interest.

#### *Section 2.09 Treasury Securities.*

In determining whether the Holders of the required principal amount of Securities have concurred in any direction, waiver or consent, Securities owned by the Issuers or any Guarantor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with an Issuer or any Guarantor, will be considered as though not outstanding, except that for the purposes of determining whether the Trustee will be protected in relying on any such direction, waiver or consent, only Securities that the Trustee knows are so owned will be so disregarded. For purposes of this Section 2.09, no owner of Equity Interests of the Company shall be deemed to be controlling the Company prior to an IPO so long it does not have the right pursuant to the terms of the Company LLC Agreement to appoint a majority of the members of the board of managers of the Company.

#### *Section 2.10 Temporary Securities.*

Until certificates representing Securities are ready for delivery, the Issuers may prepare and the Trustee, upon receipt of an Authentication Order, will authenticate temporary Notes. Temporary Securities will be substantially in the form of certificated Securities but may have variations that the Issuers consider appropriate for temporary Securities and as may be reasonably acceptable to the Trustee. Without unreasonable delay, the Issuers will prepare and the Trustee will authenticate definitive Notes in exchange for temporary Notes.

Holders of temporary Securities will be entitled to all of the benefits of this Indenture.

*Section 2.11 Cancellation.*

The Issuers at any time may deliver Securities to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Securities surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel all Securities surrendered for registration of transfer, exchange, payment, replacement or cancellation. The Trustee shall dispose of all cancelled Securities in accordance with its customary procedures and shall deliver a certificate of disposition to the Issuers. Subject to Section 2.07, the Issuers may not issue new Securities to replace Securities that have been paid or that have been delivered to the Trustee for cancellation.

*Section 2.12 Defaulted Interest.*

If the Issuers default in a payment of interest on the Securities, it will pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01 hereof. The Issuers will notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Issuers will fix or cause to be fixed each such special record date and payment date; *provided* that no such special record date may be less than ten (10) days prior to the related payment date for such defaulted interest. At least fifteen (15) days before the special record date, the Issuers (or, upon the written request of the Issuers, the Trustee in the name and at the expense of the Issuers) will mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

*Section 2.13 Issuance of Additional Securities.*

The Issuers shall be entitled, from time to time, subject to its compliance with Section 4.09 and Section 4.12 hereof, without consent of the Holders, to issue Additional Securities under this Indenture with identical terms as the Notes other than with respect to (i) the date of issuance, (ii) the issue price, (iii) the amount of interest payable on the first interest payment date, initial interest accrual date and initial interest payment date and (iv) any adjustments in order to conform to and ensure compliance with the Securities Act (or other applicable securities laws). The Initial Notes and any Notes issued as Additional Securities shall be treated as a single class for all purposes under this Indenture.

With respect to any Additional Securities, the Issuers shall set forth in an Officers' Certificate pursuant to a resolution of the Board of Directors of each of the Issuers, copies of which shall be delivered to the Trustee, the following information:

- (1) The number of Notes to be issued as Additional Securities and the aggregate principal amount of Notes constituting Additional Securities to be authenticated and delivered pursuant to this Indenture; and
- (2) the issue price, the issue date and the CUSIP number of such Additional Securities.

ARTICLE 3

REDEMPTION AND PREPAYMENT

*Section 3.01 Redemption.*

(a) *Optional Redemption Upon an Equity Offering.* At any time prior to March 15, 2013, the Issuers may, at their joint option, on any one or more occasions redeem up to 35% of the aggregate principal amount of their respective Notes issued under this Indenture upon not less than 30 nor more than sixty (60) days' notice, at a redemption price equal to 110% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to the date of redemption (subject to the rights of Holders of Notes on the relevant record date to receive interest on the relevant interest payment date) with the net cash proceeds of an Equity Offering by the Company; *provided that:*

(1) at least 65% of the aggregate principal amount of Notes originally issued under this Indenture (excluding Notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within sixty (60) days of the date of the closing of such Equity Offering.

(b) *Optional Redemption Prior to March 15, 2013.* At any time prior to March 15, 2013, the Issuers may, at their joint option, on any one or more occasions redeem all or a part of the Notes, upon not less than thirty (30) nor more than sixty (60) days' notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest to the date of redemption, subject to the rights of Holders on the relevant record date to receive interest due on the relevant interest payment date. The Issuers shall give the Trustee notice of the amount of the Applicable Premium promptly after the calculation thereof and the Trustee shall have no responsibility for such calculation.

(c) *Optional Redemption On or After March 15, 2013.* On or after March 15, 2013, the Issuers may, at their joint option, on any one or more occasions redeem all or a part of the Notes, upon not less than thirty (30) nor more than sixty (60) days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest on the Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on March 15 of the years indicated below, subject to the rights of Holders on the relevant record date to receive interest on the relevant interest payment date:

Year	Percentage
2013	105.00%
2014	102.50%
2015 and thereafter	100.000%

Unless the Issuers default in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

(d) *Special Optional Redemption.* At any time on or prior to December 31, 2011, if the Company determines in good faith that all of the net proceeds from the issuance and sale of the Notes (the "Available Proceeds") will not be used to repurchase Equity Interests of the Company, the Company may, at its option, elect to use the remaining Available Proceeds to redeem an aggregate principal amount of the Notes equal to the lesser of (i) \$50 million and (ii) the aggregate amount of remaining Available Proceeds, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus accrued and unpaid interest thereon, if any, to the date of redemption.

(e) Any redemption pursuant to this Section 3.01 shall be made pursuant to the provisions of Sections 3.02 through 3.07 hereof.

*Section 3.02 Notices to Trustee.*

If the Issuers jointly elect to redeem Notes pursuant to Section 3.01 hereof, they shall notify the Trustee in writing of the redemption date, the principal amount of Notes to be redeemed, the redemption price and the paragraph of the Notes pursuant to which the redemption will occur. The Issuers shall give such notice to the Trustee at least five (5) days before notice of redemption is required to be mailed or caused to be mailed to Holders pursuant to Section 3.01 hereof unless the Trustee consents to a shorter period. Such notice shall be accompanied by an Officers' Certificate from the Issuers to the effect that such redemption will comply with the provisions herein. Such Officers' Certificate shall also state that all conditions precedent, if any, provided for herein to such redemption have been complied with.

*Section 3.03 Selection of Notes to Be Redeemed or Purchased.*

If less than all of the Notes are to be redeemed or repurchased in an offer to purchase at any time, the Trustee will select Notes for redemption or purchase on a pro rata basis (provided that, in the case of Notes issued in global form pursuant to Article 2 hereof, the Depository may select interests in the Notes for redemption or purchase pursuant to its applicable procedures) unless otherwise required by law or applicable stock exchange or depository requirements. The Trustee shall make the selection from outstanding Notes not previously called for redemption or purchase. Notes having an aggregate principal amount in excess of \$2,000 may be redeemed or purchased in part but only in whole multiples of \$1,000, except that if all of the Notes of a Holder are to be redeemed or purchased, the entire outstanding amount of Notes held by such Holder shall be redeemed or purchased. In connection with any pro rata selection of Notes for purchase or redemption, the Trustee may make such adjustments downward or upward (by not more than \$1,000) so that Notes shall only be redeemed or purchased in authorized denominations.

If any Note is to be redeemed or purchased in part only, the notice relating to such Note shall state the portion of the principal amount thereof to be redeemed or purchased. A new Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the Holder thereof upon cancellation of the original Note. Provisions of this Indenture that apply to Notes called for redemption or purchase also apply to portions of Notes called for redemption or purchase. The Trustee shall notify the Issuers promptly of the Notes or portions of Notes to be redeemed or purchased.

*Section 3.04 Notice of Redemption.*

At least thirty (30) days but not more than sixty (60) days before a redemption date, the Issuers will mail or cause to be mailed, by first class mail, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than sixty (60) days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture pursuant to Articles 8 or 11 hereof.

The notice will identify the Notes to be redeemed and shall state:

- (1) the redemption date;
- (2) the redemption price (or if not then ascertainable, the manner of calculation thereof);
- (3) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note;
- (4) the name and address of the Paying Agent;
- (5) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;
- (6) that, unless the Company defaults in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the redemption date;
- (7) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed;
- (8) the CUSIP number, if any, printed on the Notes being redeemed; and
- (9) that no representation is made as to the correctness or accuracy of the CUSIP numbers, if any, listed in such notice or printed on the Notes being redeemed.

At the Issuers' request, the Trustee shall give the notice of redemption in the Issuers' names and at their expense; *provided*, however, that such request by the Issuers to the Trustee is received by the Trustee at least five (5) Business Days prior to the date the Trustee is requested to give notice to the Holders whose Notes are to be redeemed. In such event, the Issuers shall provide the Trustee with the information required by this Section 3.04.

*Section 3.05 Effect of Notice of Redemption.*

Once notice of redemption is mailed in accordance with Section 3.04 hereof, Notes called for redemption become irrevocably due and payable on the redemption date at the redemption price stated in the notice. A notice of redemption may not be conditional. Upon surrender to the Paying Agent, such Notes shall be paid at the redemption price stated in the notice, plus accrued interest to the redemption date. Such notice if mailed in the manner herein provided shall be conclusively presumed to have been given, whether or not the Holder receives such notice. Failure to give notice or any defect in the notice to any Holder shall not affect the validity of the notice to any other Holder.

*Section 3.06 Deposit of Redemption or Purchase Price.*

Prior to 10:00 a.m. (New York City time) on the redemption date or Purchase Date, the Issuers shall deposit with the Trustee or Paying Agent (or, if the Issuers or a Subsidiary is the Paying Agent, shall segregate and hold in trust) an amount of money, in immediately available funds, sufficient to pay the redemption or purchase price of and accrued interest (if any) on all Notes or portions thereof to be redeemed or purchased on that date. The Trustee or the Paying Agent shall promptly return to the Issuers any money deposited with the Trustee or the Paying Agent by the Issuers in excess of the amounts necessary to pay the redemption or purchase price of and accrued interest, if any, on all Notes to be redeemed or purchased.

If the Issuers comply with the provisions of the preceding paragraph, on and after the redemption or Purchase Date, interest will cease to accrue on the Notes or the portions of Notes called for redemption or purchase. If a Note is redeemed or purchased on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest shall be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption or purchase is not so paid upon surrender for redemption or purchase because of the failure of the Issuers to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption or purchase date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01 hereof.

*Section 3.07 Notes Redeemed or Purchased in Part.*

Upon surrender of a Note that is redeemed or purchased in part (with, if the Issuers or the Trustee so require, due endorsement by, or a written instrument of transfer in form satisfactory to the Issuers and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), the Issuers shall execute, and the Trustee shall authenticate and deliver to the Holder of such Note without service charge, a new Note or Notes of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Note so surrendered, except that if a Global Note is so surrendered, the Issuers shall execute, and the Trustee shall authenticate and deliver to the Depository for such Global Note, without service charge, a new Global Note in denomination equal to and in exchange for the unredeemed portion of the principal of the Global Note so surrendered.

*Section 3.08 Offer to Purchase by Application of Excess Proceeds.*

In the event that, pursuant to Section 4.10 hereof, the Issuers are required to commence a joint offer to all Holders to purchase Notes (an “*Asset Sale Offer*”), they will follow the procedures specified below.

The Asset Sale Offer shall be made to all Holders and all holders of other Parity Lien Debt containing provisions similar to those set forth in this Indenture with respect to offers to purchase, prepay or redeem with the proceeds of sales of assets. The Asset Sale Offer will remain open for a period of at least twenty (20) Business Days following its commencement and not more than thirty (30) Business Days, except to the extent that a longer period is required by applicable law (the “*Offer Period*”). No later than five (5) Business Days after the termination of the Offer Period (the “*Purchase Date*”), the Issuers will apply all Excess Proceeds (the “*Offer Amount*”) to the purchase of Notes and such other Parity Lien Debt (on a *pro rata* basis based on the principal amount of Notes and such other Parity Lien Debt surrendered, if applicable) or, if less than the Offer Amount has been tendered, all Notes and other Indebtedness tendered in response to the Asset Sale Offer.

If the Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest, if any, will be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest will be payable to Holders who tender Notes pursuant to the Asset Sale Offer.

Upon the commencement of an Asset Sale Offer, the Issuers will send, by first class mail, a notice to the Trustee and each of the Holders, with a copy to the Trustee. The notice will contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Asset Sale Offer. The notice, which will govern the terms of the Asset Sale Offer, will state:

(1) that the Asset Sale Offer is being made pursuant to this Section 3.08 and Section 4.10 hereof and the length of time the Asset Sale Offer will remain open;

(2) the Offer Amount, the purchase price and the Purchase Date;

(3) that any Note not tendered or accepted for payment will continue to accrue interest;

(4) that, unless the Issuers default in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer will cease to accrue interest after the Purchase Date;

(5) Holders electing to have a Note purchased pursuant to an Asset Sale Offer may elect to have Notes purchased in denominations of \$2,000 or an integral multiple of \$1,000 in excess thereof;

(6) that Holders electing to have Notes purchased pursuant to any Asset Sale Offer will be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" attached to the Notes completed, or transfer a beneficial interest in the Notes by book-entry transfer, to the Issuers, a depository, if appointed by the Issuers, or a Paying Agent at the address specified in the notice at least three (3) days before the Purchase Date;

(7) that Holders will be entitled to withdraw their election if the Issuers, the depository or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase, the serial number of such Note if held in definitive form, and a statement that such Holder is withdrawing his election to have such Note purchased;

(8) that, if the aggregate principal amount of Notes and Parity Lien Debt surrendered by holders thereof exceeds the Offer Amount, the Company will select the Notes and other Parity Lien Debt to be purchased on a pro rata basis based on the principal amount of Notes and such other Parity Lien Debt surrendered; and

(9) that Holders whose Notes were purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer).

On or before the Purchase Date, the Issuers will, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Offer Amount of Notes or portions thereof tendered pursuant to the Asset Sale Offer, or if less than the Offer Amount has been tendered, all Notes tendered, and will deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officers' Certificate of the Issuers stating that such Notes or portions thereof were accepted for payment by the Issuers in accordance with the terms of this Section 3.08. The Issuers, the Depository or the Paying Agent, as the case may be, will promptly (but in any case not later than five (5) Business Days after the Purchase Date) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes tendered by such Holder and accepted by the Issuers for purchase. Upon surrender of a Note that is purchased in part, the Issuers shall execute, and the Trustee shall authenticate and deliver to the Holder of such Note without service charge, a new Note or Notes of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unpurchased portion of the principal of the Note so surrendered, except that if a Global Note is so surrendered, the Issuers shall execute, and the Trustee shall authenticate and deliver to the Depository for such Global Note, without service charge, a new Global Note in denomination equal to and in exchange for the unpurchased portion of the principal of the Global Note so surrendered. Any Note not so accepted shall be promptly mailed or delivered by the Issuers to the Holder thereof. The Issuers will publicly announce the results of the Asset Sale Offer on the Purchase Date.

Other than as specifically provided in this Section 3.08, any purchase pursuant to this Section 3.08 shall be made pursuant to the provisions of Sections 3.03, 3.06 and 3.07 hereof.



## ARTICLE 4

### COVENANTS

#### *Section 4.01 Payment of Notes.*

The Issuers shall pay or cause to be paid the principal of, or premium or interest, if any, on the Notes on the dates and in the manner provided in the Notes. Principal, premium, if any, and interest, if any, will be considered paid on the date due if the Paying Agent, if other than the Issuers or a Subsidiary thereof, holds as of 10:00 a.m. Eastern Time on the due date money deposited by the Issuers in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest, if any, then due.

The Issuers will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at a rate that is 1% higher than the then applicable interest rate on the Notes to the extent lawful; they will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest, if any (without regard to any applicable grace period), at a rate that is 1% higher than the then applicable interest rate on the Notes to the extent lawful.

#### *Section 4.02 Maintenance of Office or Agency.*

The Issuers will maintain in the Borough of Manhattan, the City of New York, an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where Notes may be surrendered for transfer or for exchange and where notices and demands to or upon the Issuers in respect of the Notes and this Indenture may be served. The Issuers will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Issuers fail to maintain any such required office or agency or fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Issuers may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided, however*, that no such designation or rescission will in any manner relieve the Issuers of their obligation to maintain an office or agency in the Borough of Manhattan, the City of New York for such purposes. The Issuers will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Issuers hereby designate the Corporate Trust Office of the Trustee as one such office or agency of the Issuers in accordance with Section 2.03 hereof.

#### *Section 4.03 Reports.*

(a) So long as any Notes are outstanding, the Company shall furnish to the Trustee:

(1) within ninety (90) days after the end of each fiscal year, (A) audited financial statements of the Company and its Subsidiaries prepared in accordance with GAAP and (B) a presentation of Consolidated EBITDA of the Company and its Subsidiaries derived from such financial statements; and

(2) within forty-five (45) days after the end of each of the first three fiscal quarters of each fiscal year, (A) unaudited quarterly financial statements of the Company and its Subsidiaries prepared in accordance with GAAP and (B) a presentation of Consolidated EBITDA of the Company and its Subsidiaries derived from such financial statements.

Notwithstanding the foregoing, such financial statements (A) will not be required to comply with Section 302 or Section 404 of the Sarbanes-Oxley Act of 2002, or related Items 307 and 308 of Regulation S-K promulgated by the SEC, or Item 10(e) of Regulation S-K (with respect to any non-GAAP financial measures contained therein) and (B) will not be required to contain the separate financial information for Guarantors or Subsidiaries whose securities are pledged to secure the Notes contemplated by Rule 3-10 or Rule 3-16 of Regulation S-X promulgated by the SEC. The availability of any of the foregoing reports on the SEC's EDGAR filing system (or other successor electronic filing system) shall be deemed to satisfy the Company's delivery obligations with respect thereto.

(b) At any time that any of the Company's Subsidiaries are Unrestricted Subsidiaries and such Unrestricted Subsidiaries, either taken together or individually, constitute a Significant Subsidiary, then the financial information required by paragraph (a) of this Section 4.03 will include (or the company will separately furnish to the Trustee) a reasonably detailed presentation of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

(c) The Company shall either (1) maintain a website (which may be non-public and access to which may be made subject to an agreement or acknowledgement by such recipient that it will treat such information as confidential) to which Holders, prospective investors that certify that they are qualified institutional buyers and market makers ("*Permitted Parties*") are given access and to which such information is posted or (2) file such information with the SEC.

(d) For so long as any Notes are outstanding, the Company shall hold a conference call for Permitted Parties to discuss reports and the results of operations for each quarterly and annual reporting period within 15 Business Days after filing with the Trustee the applicable annual and quarterly information required pursuant to clauses (a)(1) and (a)(2) above. The time and date of such conference call for a reporting period (and either all information necessary to access the call or the name and contact information of the person at the Company from whom Permitted Parties may obtain such information) shall be posted by the Company to the website described in clause (c) above or filed with the SEC simultaneously with the posting or filing of the reports for such reporting period.

(e) In addition, the Company shall furnish to Holders, prospective investors, broker-dealers and securities analysts, upon their request, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the Notes are not freely transferable under the Securities Act.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

#### *Section 4.04 Compliance Certificate.*

(a) Each Issuer shall deliver to the Trustee, within ninety (90) days after the end of each fiscal year, beginning with the fiscal year ending December 31, 2011, an Officers' Certificate stating that, in the course of the performance of his or her duties as an officer of the Company, he or she would normally have knowledge of any default by the Issuers in the performance of any of their obligations contained in this Indenture and that a review of the activities of each Issuer during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether each Issuer has kept, observed, performed and fulfilled its obligations under this Indenture, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge each Issuer has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default has occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Issuer is taking or proposes to take with respect thereto) and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of, or premium or interest, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action the Issuer is taking or proposes to take with respect thereto.

(b) So long as any of the Notes are outstanding, the Issuers will deliver to the Trustee, as promptly as practicable, but in any event within ten business days, upon any Officer of an Issuer becoming aware of any Default or Event of Default, an Officers' Certificate specifying such Default or Event of Default and what action the Issuers are taking or propose to take with respect thereto.

#### *Section 4.05 Taxes.*

(a) The Company shall pay, and shall cause each of its Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders of the Notes.

#### *Section 4.06 Stay, Extension and Usury Laws.*

Each of the Issuers and each of the Guarantors covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and each of the Issuers and each of the Guarantors (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law has been enacted.

#### *Section 4.07 Restricted Payments.*

(a) The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than (x) dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company, (y) dividends or distributions payable to the Company or a Restricted Subsidiary of the Company and (z) purchases of Equity Interests of, and capital contributions to, Restricted Subsidiaries);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any direct or indirect parent of the Company;

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any (x) Indebtedness of the Company or any Guarantor that is contractually subordinated in right of payment to the Notes or to any Note Guarantee, (y) Junior Lien Debt or (z) unsecured Indebtedness (excluding in all cases any intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries), except, in each case, any payment of interest or principal at the Stated Maturity thereof; or

(4) make any Restricted Investment (all such payments and other actions set forth in these clauses (1) through (4) of this Section 4.07(a) being collectively referred to as “*Restricted Payments*”),

unless, at the time of and after giving effect to such Restricted Payment:

(A) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(B) the Consolidated EBITDA of the Company for the most recent four-quarter period for which internal financial statements are available, determined on a pro forma basis after giving effect to all acquisitions or dispositions of assets made by the Company and its Subsidiaries from the beginning of such quarter or four-quarter period and determined on a pro forma basis for such Restricted Payment, as applicable, through and including the date of the proposed Restricted Payment (including any related financing transactions) as if such acquisitions, dispositions, and Restricted Payments had occurred at the beginning of such quarter or four-quarter period, as applicable, was greater than \$25 million; and

(C) the Company would have at least \$5.0 million of Liquidity on a pro forma basis after giving effect to such Restricted Payment.

(b) The provisions of Section 4.07(a) hereof will not prohibit:

(1) the payment of any dividend or the consummation of any irrevocable redemption within sixty (60) days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of this Indenture;

(2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of a sale (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock) or contribution of common equity capital to the Company; *provided* that (a) such Restricted Payment is made within sixty (60) days of any such sale of Equity Interests or contribution of common equity capital and (b) the amount of any such net cash proceeds that are utilized for any such Restricted Payment will not be considered to be net cash proceeds from an Equity Offering for purposes of Section 3.01 hereof;

(3) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary of the Company to the holders of its Equity Interests on a *pro rata* basis;

(4) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Company or any Subsidiary Guarantor with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness within sixty (60) days of such incurrence;

(5) the repurchase of Equity Interests deemed to occur upon the exercise of stock options, warrants or other convertible or exchangeable securities to the extent such Equity Interests represent a portion of the exercise price of those stock options, warrants or other convertible or exchangeable securities;

(6) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Company or any Subsidiary Guarantor at a purchase price not greater than 101.0% of the principal amount thereof, together with accrued interest, if any, thereon, in the event of a “change of control” in accordance with the terms thereof, which event (a) requires that the Company or such Guarantor make an offer to purchase such Indebtedness in accordance with the terms thereof and (b) would also constitute a Change of Control under this Indenture; *provided* that prior to any such purchase a Change of Control Offer has been made in accordance with the terms hereof and the Issuers have purchased all Notes validly tendered for payment in connection with such Change of Control Offer;

(7) regardless of whether a Default then exists, the payment of any dividend or distribution to the extent necessary to permit direct or indirect beneficial owners of shares of Equity Interest of the Company to pay federal, state or local income tax liabilities that would arise solely from income of the Company or any of its Restricted Subsidiaries, as the case may be, for the relevant taxable period and attributable to them solely as a result of the Company (and any intermediate entity through which the holder owns such shares) or any of its Restricted Subsidiaries being a limited liability company, partnership or similar entity for federal income tax purposes;

(8) a Restricted Payment to pay for the repurchase, redemption or other acquisition or retirement for value of Equity Interests (other than Disqualified Stock) of the Company held by any future, present or former employee, director or Officer of the Company or any of its Restricted Subsidiaries pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or arrangement; *provided, however*, that (x) the aggregate Restricted Payments made under this clause (8) do not exceed in any calendar year \$2.5 million (with unused amounts in any calendar year being carried over to succeeding calendar years subject to a maximum of \$5.0 million in any calendar year) and the Company would have at least \$5.0 million of Liquidity on a pro forma basis after giving effect to any Restricted Payment made under this clause (8);

(9) any Restricted Payment made in connection with the Transactions;

(10) the payment of cash in lieu of fractional shares of Capital Stock in connection with any transaction otherwise permitted under the Indenture; and

(11) so long as no Default or Event of Default has occurred and is continuing, other Restricted Payments in an aggregate amount not to exceed \$1.0 million since the date of this Indenture.

(c) The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. For purposes of determining compliance with this Section 4.07, in the event that a Restricted Payment meets the criteria of more than one of the categories of Restricted Payments described in Section 4.07(b)(1) through (11) above, or is permitted pursuant to Section 4.07 (a) hereof, the Company will be entitled to classify such Restricted Payment (or portion thereof) on the date of its payment or later reclassify such Restricted Payment (or portion thereof) in any manner that complies with this Section 4.07.

*Section 4.08 Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries.*

(a) The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Company or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to the Company or any of its Restricted Subsidiaries;

(2) make loans or advances to the Company or any of its Restricted Subsidiaries; or

(3) sell, lease or transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries.

(b) The restrictions in Section 4.08(a) hereof will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements governing Existing Indebtedness as in effect on the date of this Indenture and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the date of this Indenture (as determined in good faith by the Company);

(2) this Indenture, the Notes, the Note Guarantees and the Security Documents;

(3) agreements governing other Indebtedness permitted to be incurred under Section 4.09 hereof and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the restrictions therein are not materially more restrictive, taken as a whole, than those contained in this Indenture, the Notes and the Note Guarantees (as determined in good faith by the Company);

(4) applicable law, rule, regulation or order;

(5) any agreement governing Indebtedness or Capital Stock of Persons acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Persons, or the properties or assets of any Persons, other than the Persons, or the property or assets of the Persons, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Indenture to be incurred, and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the date of such acquisition (as determined in good faith by the Company);

(6) customary non-assignment provisions in contracts, leases, subleases, licenses and sublicenses entered into in the ordinary course of business;

(7) mortgage financings and purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property mortgaged, purchased or leased of the nature described in clause (3) of the preceding paragraph;

(8) any restriction with respect to a Restricted Subsidiary imposed pursuant to an agreement entered into for the sale or disposition of all or substantially all of the Capital Stock or assets of such Restricted Subsidiary pending the closing of such sale or disposition;

(9) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced (as determined in good faith by the Company);

(10) Liens permitted to be incurred under the provisions of Section 4.12 hereof that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements (including agreements entered into in connection with a Restricted Investment), which limitation is applicable only to the assets that are the subject of such agreements;

(12) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(13) encumbrances and restrictions contained in the terms of any Indebtedness or any agreement pursuant to which such Indebtedness was issued if the encumbrance or restriction applies only in the event of a payment default or default with respect to a financial covenant contained in such Indebtedness or agreement and such encumbrance or restriction is not materially more disadvantageous to the holders of the Notes than is customary in comparable financings (as determined in good faith by the Company) and the Company determines that any such encumbrance or restriction will not materially affect the Issuers' ability to make principal or interest payments on the Notes; and

(14) restrictions on the sale, lease or transfer of property or assets arising or agreed to in the ordinary course of business, not relating to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary.

#### *Section 4.09 Incurrence of Indebtedness and Issuance of Disqualified Stock.*

(a) The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "*incur*") any Indebtedness (including Acquired Debt), and the Company shall not and shall not permit any of its Restricted Subsidiaries to issue any Disqualified Stock; *provided*, however, that the Issuers and the Guarantors may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, if the Company's Consolidated Leverage Ratio at the time of incurrence of such Indebtedness or the issuance of such Disqualified Stock, as the case may be, after giving pro forma effect to such incurrence or issuance as of such date and to the use of proceeds therefrom as if the same had occurred at the end of the most recently ended four full fiscal quarter period of the Company for which internal financial statements are available, would have been no greater than 7.00 to 1.00.

(b) The provisions of Section 4.09(a) hereof will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "*Permitted Debt*"):

(1) the incurrence by the Company and its Restricted Subsidiaries of Existing Indebtedness;

(2) the incurrence on the Closing Date by the Issuers and the Guarantors of Parity Lien Debt represented by the Notes and the Note Guarantees;

(3) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing (whether or not incurred at the time of such purchase, design, construction, installation or improvement) all or any part of the purchase price or cost of design, construction, installation, integration or improvement of property, plant or equipment used in the business of the Company or any of its Restricted Subsidiaries, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed \$5.0 million at any time outstanding;

(4) the incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by this Indenture to be incurred under Section 4.09(a) hereof or clauses (1), (2), (3), (4) or (13) of this Section 4.09(b);

(5) the incurrence by the Company or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries; *provided, however*, that:

(A) if either Issuer or any Guarantor is the obligor on such Indebtedness and the payee is not either Issuer or a Guarantor, such Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Issuers, or the Note Guarantee, in the case of a Guarantor; and

(B) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary of the Company and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary of the Company shall be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (5);

(6) the issuance by any of the Company's Restricted Subsidiaries to the Company or to any of its Restricted Subsidiaries of shares of Disqualified Stock; *provided, however*, that:

(A) any subsequent issuance or transfer of Equity Interests that results in any such Disqualified Stock being held by a Person other than the Company or a Restricted Subsidiary of the Company; and

(B) any sale or other transfer of any such Disqualified Stock to a Person that is not either the Company or a Restricted Subsidiary of the Company will be deemed, in each case, to constitute an issuance of such Disqualified Stock by such Restricted Subsidiary that was not permitted by this clause (7);

(7) the incurrence by the Company or any of its Restricted Subsidiaries of Hedging Obligations in the ordinary course of business or incurred to hedge or manage any interest rate risk on any fixed or floating rate Indebtedness that was permitted to be incurred under the first paragraph of this covenant or any clause under the definition of "Permitted Debt";

(8) (i) the Guarantee by the Guarantors of Indebtedness of the Company or a Restricted Subsidiary of the Company to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this covenant; *provided* that if the Indebtedness being Guaranteed is subordinated to or *pari passu* with the Notes, then the Guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness Guaranteed; and (ii) the Guarantee by Restricted Subsidiaries that are not Guarantors of Indebtedness of Restricted Subsidiaries that are not Guarantors to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this covenant;

(9) the incurrence by the Company or any of the Restricted Subsidiaries of Indebtedness in respect of workers' compensation claims, self-insurance obligations, bankers' acceptances, performance, letter of credit or completion or performance and surety bonds in the ordinary course of business;

(10) the incurrence by the Company or any of the Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within five (5) Business Days;

(11) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for indemnification, adjustment or purchase price or similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or a Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition;

(12) Indebtedness representing installment insurance premiums of the Company or any Restricted Subsidiary owing to insurance companies in the ordinary course of business;

(13) Indebtedness of the Issuers or any Restricted Subsidiary to the extent the proceeds of such Indebtedness are deposited and used to defease the Notes as described under "Legal Defeasance and Covenant Defeasance" or "Satisfaction and Discharge"; and

(14) the incurrence by the Company or any of the Restricted Subsidiaries of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (14), not to exceed \$5.0 million.

(c) Neither Issuer shall incur, nor permit any Guarantor to incur, any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuers or such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Note Guarantee on substantially identical terms; *provided*, however, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuers solely by virtue of being unsecured or by virtue of being secured on junior priority basis or junior in right of distribution of collateral proceeds.

(d) For purposes of determining compliance with this Section 4.09 and Section 4.12 hereof, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (14) of Section 4.09(b) hereof, or is entitled to be incurred pursuant to Section 4.09(a) hereof, the Company shall be permitted (in its sole discretion) to classify such item of Indebtedness on the date of its incurrence, or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant. The accrual of interest or preferred stock or Disqualified Stock dividends, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of preferred stock or Disqualified Stock as Indebtedness due to a change in accounting principles, and the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this Section 4.09 and Section 4.12; *provided*, in each such case, that the amount of any such accrual, accretion or payment is included in Consolidated Interest of the Company as accrued. For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred. Notwithstanding any other provision of this Section 4.09, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may incur pursuant to this Section 4.09 shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

(e) The amount of any Indebtedness outstanding as of any date will be:

- (1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;
- (2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and
- (3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:
  - (A) the Fair Market Value of such assets at the date of determination; and
  - (B) the amount of the Indebtedness of the other Person so secured.

*Section 4.10 Asset Sales.*

(a) The Company shall not, and shall not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) The Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value (measured as of the date of the definitive agreement with respect to such Asset Sale) of the assets or Equity Interests issued or sold or otherwise disposed of;

(2) Except in the case of a Permitted Asset Swap, at least 75% of the consideration received in the Asset Sale by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

(A) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Note Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation or indemnity agreement that releases the Company or such Restricted Subsidiary from or indemnifies against further liability; and

(B) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash within 120 days after such Asset Sale, to the extent of the cash received in that conversion;

(C) any stock or assets of the kind referred to in clauses (2) or (5) of paragraph (b) of this Section 4.10; and

(3) in the case of an Asset Sale that constitutes a Sale of Collateral, the Company (or the applicable Restricted Subsidiary, as the case may be) promptly deposits the Net Proceeds therefrom immediately upon receipt thereof as Collateral in an account or accounts (each, a "*Collateral Proceeds Account*") held by or under the control of (for purposes of the Uniform Commercial Code) or otherwise subject to a perfected security interest in favor of the Collateral Trustee or its agent to secure all Obligations with respect to the Notes; and

(4) in the case of a Parent Distribution Asset Sale, Holders of at least a majority in aggregate principal amount of the then outstanding Notes have approved such Parent Distribution Asset Sale.

(b) Within 365 days after the receipt of any Net Proceeds from an Asset Sale other than a Sale of Collateral, the Company (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Proceeds, at its option:

(1) to repay, repurchase or redeem Parity Lien Obligations; *provided*, that the Issuers offer to repay, repurchase or redeem the Notes on a pro rata basis;

(2) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business (*provided* that in the case of any such acquisition of Capital Stock, after giving effect thereto, the Permitted Business is or becomes a Restricted Subsidiary of the Company);

(3) to repay Indebtedness (other than Secured Obligations) that is secured by a Permitted Lien on any assets that were sold in such Asset Sale;

(4) to make a capital expenditure;

(5) to acquire other assets that are not classified as current assets under GAAP and that are used or useful in a Permitted Business;

(6) in the case of an Asset Sale (other than a sale of an asset that had constituted Collateral at any time since the date of this Indenture) by a Restricted Subsidiary that is not a Guarantor, to repay, repurchase or redeem Indebtedness of the Company or any Restricted Subsidiary that is not contractually subordinated in right of payment to the Notes;

(7) in the case of any Parent Distribution Asset Sale approved by Holders of at least a majority in aggregate principal amount of the then outstanding Notes, the minimum distribution required to comply with Section 4.10(c) of the Radio One Indenture; or

(8) any combination of the foregoing clauses (1) through (7).

(c) Within 365 days after the receipt of any Net Proceeds from a Sale of Collateral, the Company (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Proceeds, at its option:

(1) to purchase other assets that would constitute Collateral;

(2) to acquire all or substantially all of the assets of, or any Capital Stock of, a Permitted Business (*provided* that in the case of any such acquisition of Capital Stock, after giving effect thereto, the Permitted Business becomes a Guarantor or is merged into or consolidated with the Company or any Guarantor);

(3) to repay Indebtedness (other than Secured Obligations) that is secured by a Lien on any Collateral that was sold in such Asset Sale that is prior to the lien on the Collateral in favor of Holders of Notes;

(4) to make a capital expenditure with respect to assets that constitute Collateral;

(5) in the case of any Parent Distribution Asset Sale approved by Holders of at least a majority in aggregate principal amount of the then outstanding Notes, the minimum distribution required to comply with Section 4.10(c) of the Radio One Indenture; or

(6) any combination of the foregoing clauses (1) through (5).

(d) Pending the final application of any Net Proceeds of an Asset Sale, other than a Sale of Collateral, the Company (or the applicable Restricted Subsidiary) may invest the Net Proceeds in any manner that is not prohibited by this Indenture.

(e) Any Net Proceeds from Asset Sales that are not applied or invested as provided in paragraph (b) or (c) of this Section 4.10 constitute "Excess Proceeds."



(f) When the aggregate amount of Excess Proceeds exceeds \$10.0 million, within forty-five (45) days thereof, the Issuers will make a joint offer (an “*Asset Sale Offer*”) to all Holders and all holders of other Parity Lien Debt containing provisions similar to those set forth in this Indenture with respect to offers to purchase, prepay or redeem with the proceeds of sales of assets in accordance with Section 3.08 hereof to purchase, prepay or redeem the maximum principal amount of Notes and such other Parity Lien Debt (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest to the date of purchase, prepayment or redemption, subject to the rights of Holders on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and Parity Lien Debt tendered into (or required to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds, the Trustee will select the Notes and such other Parity Lien Debt to be purchased on a pro rata basis, based on the amounts tendered or required to be prepaid or redeemed. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

The Issuers will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to a Change of Control Offer or an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control or Asset Sale provisions of this Section 3.08 hereof or this Section 4.10, the Issuers will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under Section 3.08 hereof or this Section 4.10 by virtue of such compliance.

*Section 4.11 Transactions with Affiliates.*

(a) The Company shall not, and shall not permit any of its Restricted Subsidiaries to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Company (each, an “*Affiliate Transaction*”), unless:

(1) the Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person; and

(2) the Company delivers to the Trustee:

(A) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$5.0 million, a resolution of the Board of Directors of the Company set forth in an Officers’ Certificate of the Company certifying that such Affiliate Transaction complies with clause (1) of this Section 4.11(a) and, to the extent there are disinterested members of the Board of Directors of the Company, that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Company; and

(B) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$10.0 million, an opinion as to the fairness to the Company or such Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing.

(b) The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of Section 4.11 (a) hereof:

(1) any employment or consulting agreement, employee benefit plan, stock option or stock ownership plan, officer or director indemnification agreement or any similar arrangement entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business and payments and issuances of Capital Stock, options, warrants or other rights to acquire Capital Stock, in each case, pursuant thereto (*provided* that issuances of Capital Stock of Restricted Subsidiaries of the Company shall be limited to Voting Stock (in each case, representing an aggregate of not more than 5.0% of the fully diluted Voting Stock of such Restricted Subsidiary) of not more than two Restricted Subsidiaries identified by the Company in an Officers’ Certificate delivered to the Trustee);

(2) transactions between or among the Company and/or its Restricted Subsidiaries;

(3) transactions with a Person (other than an Unrestricted Subsidiary of the Company) that is an Affiliate of the Company solely because the Company owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) payment of reasonable and customary fees and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of Officers, directors, employees or consultants of the Company or any of its Restricted Subsidiaries;

(5) any issuance of Equity Interests (other than Disqualified Stock) of the Company to Affiliates of the Company;

(6) Restricted Payments that do not violate Section 4.07 hereof;

(7) the Transactions and the payment of all fees and expenses related to the Transactions;

(8) so long as the same are approved by either Radio One or Comcast, as a disinterested owner of Equity Interests in the Company in accordance with the terms of the Company LLC Agreement, transactions between or among the Company or any of its Restricted Subsidiaries and either Radio One or Comcast or any of their respective Subsidiaries, in either case with respect to transactions involving carriage, network, syndication, advertising, back-office, technology support, personnel services or any other agreement relating to the business or operations of the Company or any of its Restricted Subsidiaries, in each case, entered into in the ordinary course of the Company's business; and

(9) (A) any agreement in effect on the Closing Date, as such agreement may be amended, modified, supplemented, restated or replaced from time to time; provided that any such amendment, modification, supplement, restatement or replacement (taken as a whole) will not be more disadvantageous in any material respect to the Company (taken as a whole) than such agreement as it was in effect on the Closing Date or (B) any transaction pursuant to any agreement referred to in the immediately preceding clause (A).

In the event that either Radio One or Comcast cease to directly or indirectly own any Equity Interests in the Company, any transactions of the type permitted by clause (8) above shall continue to be permitted even though they have not been approved by a disinterested owner of Equity Interests in the Company so long as any such transaction will not be on terms that are more disadvantageous in any material respect to the Company (taken as a whole) than any substantially equivalent transaction that was permitted pursuant to clause (8) above.

#### *Section 4.12 Liens.*

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind on any asset now owned or hereafter acquired, except Permitted Liens.

#### *Section 4.13 Business Activities.*

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, engage in any business other than Permitted Businesses.

#### *Section 4.14 Legal Existence.*

Subject to Article 5 hereof, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect:

(1) its existence as a limited liability company, and the corporate, partnership or other existence of each of its Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company or any such Subsidiary; and

(2) the rights (charter and statutory), licenses and franchises of the Company and its Subsidiaries; *provided, however*, that the Company shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any of its Subsidiaries if the Board of Directors of the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Holders of the Notes.

#### *Section 4.15 Offer to Repurchase Upon Change of Control.*

(a) If a Change of Control occurs, each Holder will have the right to require the Issuers to jointly repurchase all or any part of that Holder's Notes pursuant to this Section 4.15 (a "*Change of Control Offer*"). In the Change of Control Offer, the Issuers will jointly offer the Holders a purchase price in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest, if any, on the Notes repurchased to the date of purchase, subject to the rights of Holders on the relevant record date to receive interest due on the relevant interest payment date (the "*Change of Control Payment*"). Within fifteen (15) days following any Change of Control, the Issuers will mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and stating:

(1) that the Change of Control Offer is being made pursuant to this Section 4.15 and that all Notes tendered will be accepted for payment;

(2) the purchase price and the purchase date, which shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "*Change of Control Payment Date*");

(3) that any Note not tendered will continue to accrue interest;

(4) that, unless the Issuers default in the payment of the Change of Control Payment, any Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date;

(5) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender the Notes, with the form entitled "Option of Holder to Elect Purchase" attached to the Notes completed, or transfer a beneficial interest in the Notes by book-entry transfer, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, the serial number for Notes held in definitive form and a statement that such Holder is withdrawing his election to have the Notes purchased; and

(7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion, must be equal to \$2,000 in principal amount or an integral multiple of \$1,000 in excess thereof.

The Issuers will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change in Control. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.15, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Section 4.15 by virtue of such compliance.

(b) On the Change of Control Payment Date, the Issuers will jointly, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officers' Certificate of each Issuer stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuers.

(c) The Paying Agent will promptly mail to each Holder properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Issuers will jointly publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(d) The Issuers will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.15 and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) notice of redemption has been given pursuant to Section 3.01(a) through 3.01(c) hereof, unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

#### *Section 4.16 Payments for Consent.*

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Notes unless such consideration is offered to be paid and is paid to all Holders that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

#### *Section 4.17 Additional Note Guarantees.*

(a) If the Company or any of its Restricted Subsidiaries acquires or creates another Domestic Subsidiary after the date of this Indenture that is a Wholly Owned Subsidiary (other than a Domestic Subsidiary that constitutes an Immaterial Subsidiary), then that Domestic Subsidiary will become a Subsidiary Guarantor and execute a supplemental indenture in the form attached hereto as Exhibit F-1 and the applicable Security Documents and deliver an opinion of counsel satisfactory to the Trustee within thirty (30) Business Days of the date on which it was acquired or created.

(b) If the Company or any of its Restricted Subsidiaries acquires or creates another Domestic Subsidiary after the date of this Indenture that is not a Wholly Owned Subsidiary and that Domestic Subsidiary, directly or indirectly, guarantees or otherwise provides direct credit support for any Indebtedness of the Company or any Guarantor, then that Domestic Subsidiary will become a Subsidiary Guarantor and execute a supplemental indenture in the form attached hereto as Exhibit F-1 and the applicable Security Documents and deliver an opinion of counsel satisfactory to the Trustee within thirty (30) Business Days of the date on which it was acquired or created or otherwise became obligated under this Section 4.17(b) to become a Guarantor.

(c) Any Domestic Subsidiary which after the Closing Date is required to guarantee the Notes pursuant to Section 4.17(b) shall be unconditionally released from such guarantee in the event of the release or discharge of the guarantee by such Domestic Subsidiary of all of the Indebtedness of the Company or any Guarantor Restricted Subsidiary or the repayment of all of the Indebtedness which resulted in the obligation to guarantee the Notes.

*Section 4.18 Designation of Restricted and Unrestricted Subsidiaries.*

The Board of Directors of the Company may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary and has assets of more than \$1,000, the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary shall be deemed to be an Investment made as of the time of the designation and shall be deemed to be a Restricted Payment under Section 4.07 hereof or an Investment made under one or more clauses of the definition of Permitted Investments, as determined by the Company. That designation will only be permitted if the Investment would be permitted as such at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors of the Company may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee a certified copy of a resolution of the Board of Directors giving effect to such designation and an Officers' Certificate of the Company certifying that such designation complied with the preceding conditions and was permitted by Section 4.07 hereof. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of the Company as of such date and, if such Indebtedness is not permitted to be incurred as of such date under Section 4.09 hereof, the Company shall be in default of such covenant. The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of the Company; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under Section 4.09 hereof, calculated on a pro forma basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Default or Event of Default would be in existence following such designation.

*Section 4.19 Restrictions on Activities of Capital Corp.*

Capital Corp. shall not hold any material assets, hold any Equity Interests, incur any Indebtedness, become liable for any obligations, engage in any business activities or have any Subsidiaries. Notwithstanding the foregoing, Capital Corp. may incur (i) Indebtedness to the extent that it is a co-obligor with respect to Indebtedness which the Company is permitted to incur under this Indenture, but only if the Net Proceeds of such Indebtedness are received by the Company or one or more of the Company's Restricted Subsidiaries other than Capital Corp. and (ii) otherwise engage in such transactions as it is obligated to do under this Indenture, including those contemplated by Sections 4.10 and 4.15.

ARTICLE 5

SUCCESSORS

*Section 5.01 Merger, Consolidation or Sale of Assets.*

(a) Neither Issuer shall directly or indirectly: (1) consolidate or merge or amalgamate with or into another Person (whether or not an Issuer is the surviving corporation), or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of such Issuer and their respective Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either:

(A) such Issuer, as applicable, is the surviving corporation; or

(B) the Person formed by or surviving any such consolidation or merger or amalgamation (if other than such Issuer) or to which such sale, assignment, transfer, conveyance or other disposition has been made (the “*Successor Person*”) is an entity organized or existing under the laws of the United States, any state of the United States or the District of Columbia; and, if such entity is not a corporation, a co-obligor of the Notes is a corporation organized or existing under any such laws;

(2) the Person formed by or surviving any such consolidation or merger (if other than such Issuer) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all the obligations of such Issuer, as applicable, under the Notes, this Indenture and the Security Documents pursuant to agreements reasonably satisfactory to the Trustee;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) such Issuer or the Person formed by or surviving any such consolidation or merger (if other than an Issuer), or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period (i) would be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Consolidated Leverage Ratio test set forth in Section 4.09(a) or (ii) would have a Consolidated Leverage Ratio equal to or lower than the Issuer’s Consolidated Leverage Ratio immediately prior to such transaction;

(5) the Successor Person promptly causes such amendments, supplements or other instruments to be executed, delivered, filed and recorded in such jurisdictions as may be required by applicable law to preserve and protect the Liens of the Security Documents on the Collateral owned by or transferred to the Successor Person, together with such financing statements as may be required to perfect any security interests in such Collateral which may be perfected by filing of a financing statement under the Uniform Commercial Code of the relevant states;

(6) the Collateral owned by or transferred to the Successor Person shall: (A) continue to constitute Collateral under this Indenture and the Security Documents, (B) be subject to the Liens in favor of the Collateral Trustee for its benefit and the benefit of the holders of the Parity Lien Debt, and (C) not be subject to any Lien other than Permitted Liens; and

(7) the property and assets of the Person which is merged or consolidated with or into the Successor Person, to the extent that they are property or assets of the types that would constitute Collateral under the Security Documents, shall be treated as after-acquired property and the Successor Person shall take such action as may be reasonably necessary to cause such property and assets to be made subject to the Lien of the Security Documents in the manner and to the extent required in this Indenture and the Security Documents.

(b) The Company shall not, and shall not permit either Issuer to, directly or indirectly, lease all or substantially all of the properties and assets of the Company, such Issuer and their respective Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

*Section 5.02 Successor Corporation Substituted.*

Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets of an Issuer in a transaction that is subject to, and that complies with the provisions of Section 5.01 hereof, the successor Person formed by such consolidation or into or with which such Issuer is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition, the provisions of this Indenture referring to such “Issuer” shall refer instead to the successor Person and not to such Issuer, as applicable), and may exercise every right and power of the Company or such Issuer under this Indenture with the same effect as if such successor Person had been named as such Issuer herein; *provided, however*, that the predecessor of such Issuer shall not be relieved from the obligation to pay the principal of, or premium or interest, if any, on the Notes except in the case of a sale of all of the such Issuer’s assets in a transaction that is subject to, and that complies with the provisions of, Section 5.01 hereof.

ARTICLE 6

DEFAULTS AND REMEDIES

*Section 6.01 Events of Default.*

Each of the following is an “*Event of Default*”:

- (1) default for thirty (30) days in the payment when due of interest on the Notes;
- (2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on the Notes;
- (3) failure by the Company or any of its Restricted Subsidiaries to comply with the provisions of Sections 4.10, 4.15 or 5.01 hereof;
- (4) failure by the Company or any of its Restricted Subsidiaries for sixty (60) days after notice of breach or default to the Company by the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the other agreements in this Indenture or the Security Documents;

(5) default under any mortgage, indenture, instrument or other agreement under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries), whether such Indebtedness or Guarantee now exists, or is created after the date of this Indenture, if that default:

(A) is caused by a failure to pay principal on such Indebtedness at its Stated Maturity and prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a “*Payment Default*”); or

(B) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$10.0 million or more;

(6) failure by the Company or any of its Restricted Subsidiaries to pay final judgments (which are not covered by insurance for which the insurer has accepted responsibility) entered by a court or courts of competent jurisdiction aggregating in excess of \$10.0 million, which judgments are not paid, discharged or stayed for a period of sixty (60) days;

(7) the occurrence of any of the following:

(A) any Security Document ceases for any reason to be fully enforceable (except as permitted by the terms of this Indenture or the Security Documents); *provided*, that it will not be an Event of Default under this clause (A) if the sole result of the failure of one or more Security Documents to be fully enforceable is that any Parity Lien purported to be granted under such security documents on Collateral, individually or in the aggregate, having a Fair Market Value of not more than \$5.0 million ceases to be an enforceable and perfected first-priority Lien on the Collateral;

(B) any Parity Lien purported to be granted under any Security Document on Collateral, individually or in the aggregate, having a Fair Market Value in excess of \$5.0 million ceases to be an enforceable and perfected first-priority Lien (except as permitted by the terms of this Indenture or the Security Documents);

(C) an Issuer or any Guarantor, or any Person acting on behalf of any of them, denies or disaffirms, in writing, any obligation of such Issuer or any other Guarantor arising under the Notes, the Note Guarantees or any Security Document; or

(D) an Issuer or any Guarantor fails to grant and perfect any security interest required by the Security Documents to be granted and perfected with respect to Collateral, individually or in the aggregate, having a Fair Market Value in excess of \$5.0 million,

other than, in the case of the foregoing clauses (A) through (D), as a result of, or in connection with, the satisfaction in full of all Obligations under this Indenture or expiration in accordance with the terms of this Indenture or the applicable Security Document or the release or amendment, modification, waiver, termination or release of any relevant Lien or Security Document in accordance with the terms of this Indenture or the Security Documents);

(8) except as permitted by this Indenture, any Note Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor, or any Person acting on behalf of any Guarantor, denies or disaffirms its obligations under its Note Guarantee (other than by reason of release of a Guarantor from its Note Guarantee in accordance with the terms of this Indenture);

(9) the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary pursuant to or within the meaning of Bankruptcy Law:

- (A) commences a voluntary case,
- (B) consents to the entry of an order for relief against it in an involuntary case,
- (C) consents to the appointment of a custodian, receiver, receiver manager, interim receiver or sequestrator of it or for all or substantially all of its property,
- (D) makes a general assignment for the benefit of its creditors, or
- (E) generally is not paying its debts as they become due; or

(10) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary in an involuntary case;

(B) appoints a custodian, receiver, receiver manager, interim receiver or sequestrator of the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary or for all or substantially all of the property of the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary; or

(C) orders the liquidation of the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary;

and the order or decree remains undischarged, unstayed or unremedied and in effect for sixty (60) consecutive days. The Trustee shall not be charged with knowledge of an Event of Default unless written notice thereof shall have been given to a Responsible Officer at the Corporate Trust Office of the Trustee by the Company or another Person.

#### *Section 6.02 Acceleration.*

(a) In the case of an Event of Default specified in clause (9) or (10) of Section 6.01 hereof, with respect to the Company, any Restricted Subsidiary of the Company that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately.

(b) In the event of a declaration of acceleration of the Notes because an Event of Default has occurred and is continuing as a result of the acceleration of any Indebtedness under clause (5) of Section 6.01 hereof, the declaration of acceleration of the Notes shall be automatically annulled if the holders of any Indebtedness described in clause (5) of Section 6.01 hereof have rescinded the declaration of acceleration in respect of such Indebtedness within thirty (30) days of the date of such declaration; *provided* that (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction, (2) all existing Defaults or Events of Default, except nonpayment of principal, premium or interest, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived and (3) remedies have not been taken with respect to Collateral securing such Indebtedness.

(c) The Holders of a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may, on behalf of the Holders of all of the Notes, rescind an acceleration or waive any existing Default or Event of Default and its consequences under this indenture except a continuing Default or Event of Default in the payment of interest or premium, if any, on or the principal of, the Notes.

*Section 6.03 Other Remedies.*

(a) If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal of, or interest or premium, if any, on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

(b) The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

*Section 6.04 Waiver of Past Defaults.*

Holders of not less than a majority in the aggregate principal amount of the then outstanding Notes by notice to the Trustee may, on behalf of the Holders of all of the Notes, waive an existing Default or Event of Default and its consequences hereunder, except a continuing Default or Event of Defaults in the payment of interest or premium, if any, on or the principal of, the Notes (including in connection with an offer to purchase); *provided, however*, that the Holders of a majority in aggregate principal amount of the then outstanding Notes may rescind an acceleration and its consequences, including any related payment default that resulted in such acceleration. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

*Section 6.05 Control by Majority.*

The Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture that the Trustee determines may be unduly prejudicial to the rights of other Holders or that may involve the Trustee in personal liability. In addition, the Trustee may withhold from Holders notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or premium, if any.

*Section 6.06 Limitation on Suits.*

(a) Subject to the provisions of Article 7 hereof, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under this Indenture at the request or direction of any Holders unless such Holders have offered to the Trustee indemnity or security satisfactory to it against any loss, liability or expense. Except to enforce the right to receive payment of principal, interest or premium, if any, when due, no Holder may pursue any remedy with respect to this Indenture or the Notes unless:

- (1) such Holder has previously given the Trustee notice that an Event of Default is continuing;
- (2) Holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested the Trustee to pursue the remedy;
- (3) such Holders have offered the Trustee security or indemnity satisfactory to it against any loss, liability or expense;
- (4) the Trustee has not complied with such request within sixty (60) days after the receipt of the request and the offer of security or indemnity; and
- (5) Holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

(b) A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note.

*Section 6.07 Rights of Holders of Notes to Receive Payment.*

Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of principal of, or premium or interest, if any, on the Note, on or after the respective due dates expressed in the Note (including in connection with an offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder; *provided* that a Holder shall not have the right to institute any such suit for the enforcement of payment if and to the extent that the institution or prosecution thereof or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the Lien of this Indenture upon any property subject to such Lien.



*Section 6.08 Collection Suit by Trustee.*

If an Event of Default specified in Section 6.01(1) or (2) hereof occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Issuers for the whole amount of principal of, or premium or interest, if any, remaining unpaid on the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection and the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel.

*Section 6.09 Trustee May File Proofs of Claim.*

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to the Issuers (or any other obligor upon the Notes), their creditors or their property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements, advances and any other amounts due to the Trustee and its agents and counsel and any other amounts due to the Trustee under Section 7.06 hereof. To the extent that the payment of any such compensation, expenses, disbursements, advances and any other amounts due to the Trustee and its agents and counsel and any other amounts due to the Trustee under Section 7.06 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

*Section 6.10 Priorities.*

If the Trustee collects any money pursuant to this Article 6, it shall pay out the money in the following order:

*First:* to the Trustee and the Collateral Trustees, and their agents and attorneys for amounts due to the Trustee under Section 7.06 hereof and the Collateral Trustees under the applicable Security Documents, including payment of all compensation, expenses and liabilities incurred, and all advances made, by the Trustee and the Collateral Trustees and the costs and expenses of collection;

*Second:* to Holders of Notes for amounts due and unpaid on the Notes for principal, premium, if any, and interest, if any, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any, and interest, if any, respectively; and

*Third:* to the Issuers or as a court of competent jurisdiction shall direct.

The Trustee may, upon written notice to the Issuers, fix a record date and payment date for any payment to Holders of Notes pursuant to this Section 6.10. Notwithstanding the foregoing, (i) proceeds received in respect of any sale of or other realization upon all or any part of the Collateral in connection with any foreclosure, collection or other enforcement of Liens granted to the Collateral Trustee in the Security Documents shall be applied pursuant to Section 12.09.

*Section 6.11 Undertaking for Costs.*

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.07 hereof, or a suit by Holders of more than 10% in aggregate principal amount of the then outstanding Notes.

ARTICLE 7

TRUSTEE

*Section 7.01 Duties of Trustee.*

(a) If an Event of Default actually known to a Responsible Officer of the Trustee has occurred and is continuing, the Trustee will exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) the duties of the Trustee will be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee will examine such certificates and opinions to determine whether or not they conform on their face to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section 7.01;

(2) the Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee will not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to the terms hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), and (c) of this Section 7.01.

(e) No provision of this Indenture will require the Trustee to expend or risk its own funds or incur any liability. The Trustee will be under no obligation to exercise any of its rights and powers under this Indenture at the request of any Holders, unless such Holder has offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

(f) The Trustee will not be liable for interest on any money received by it except as the Trustee may agree in writing with the Issuers. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(g) The Trustee agrees to accept and act upon facsimile or electronic transmission (including pdf) of documents hereunder, it being understood that originals of such shall be provided to the Trustee in a timely manner.

*Section 7.02 Rights of Trustee.*

(a) The Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate of the Issuers or an Opinion of Counsel or both. The Trustee will not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel of its selection and the written advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from an Issuer shall be sufficient if signed by an Officer of such Issuer, and any resolution of the Board of Directors of an Issuer shall be sufficient if evidenced by a copy of such resolution certified by an Officers' Certificate of such Issuer to have been duly adopted and in full force and effect on the date thereof.

(f) The Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity or security satisfactory to the Trustee, in its sole discretion, against the losses, liabilities and expenses that might be incurred by it in compliance with such request or direction.

(g) In no event shall the Trustee be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(h) Except with respect to Section 4.01 hereof, the Trustee shall have no duty (unless so instructed by the Holders of a majority in aggregate principal amount of the then outstanding Notes) to inquire as to the performance of an Issuer with respect to the covenants contained in Article 4 hereof. The Trustee shall not be deemed to have notice of any Default or Event of Default unless the Trustee has received written notice of such event at the Corporate Trust Office of the Trustee, and such notice references the Securities and this Indenture.

(i) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

(j) The Trustee shall not be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any security interest in the Collateral.

(k) The Trustee shall not be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of the Liens in any of the Collateral, whether impaired by operation of law or otherwise.

(l) The Trustee shall have no liability for any acts or omissions of the Collateral Trustee.

*Section 7.03 Individual Rights of Trustee.*

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with an Issuer or any Affiliate of an Issuer with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest it must eliminate such conflict within ninety (90) days or resign. Any Agent may do the same with like rights and duties. The Trustee is also subject to Section 7.09 hereof.

*Section 7.04 Trustee's Disclaimer.*

The Trustee will not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Issuers' use of the proceeds from the Notes or any money paid to the Issuers or upon the Issuers' direction under any provision of this Indenture, it will not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it will not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

*Section 7.05 Notice of Defaults.*

If a Default or Event of Default occurs and is continuing and if it is known to a Responsible Officer of the Trustee, the Trustee will mail to Holders a notice of the Default or Event of Default within ninety (90) days after receipt of notice of the occurrence of an Event of Default. Except in the case of a Default or Event of Default in payment of principal of, or premium or interest, if any, on any Note, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders.

*Section 7.06 Compensation and Indemnity.*

(a) The Issuers and the Guarantors will pay to each of the Trustee and the Collateral Trustee such compensation as is agreed to from time to time by the Issuers and the Trustee or the Collateral Trustee, as applicable, for its acceptance of this Indenture and services hereunder. The Trustee's and each of the Collateral Trustees' compensation will not be limited by any law on compensation of a trustee of an express trust. The Issuers will reimburse each of the Trustee and the Collateral Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses will include the reasonable compensation, disbursements and expenses of the Trustee's and the Collateral Trustee's respective agents and counsel, as applicable. When the Trustee or the Collateral Trustee incurs expenses or renders services after an Event of Default pursuant to Section 6.01(9) or 6.01(10) hereof, the expenses and compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under Title 11, U.S. Code, or any similar federal or state law for the relief of debtors.

(b) The Issuers and the Guarantors, jointly and severally, will indemnify each of the Trustee and the Collateral Trustee against any and all losses, liabilities or expenses (including without limitation taxes other than taxes based on the income of the Trustee or the Collateral Trustee) incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the reasonable costs and expenses of enforcing this Indenture against the Issuers and the Guarantors (including this Section 7.06) and defending itself against any claim (whether asserted by the Issuers, the Guarantors, any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, liability or expense shall be determined to have been caused by its own negligence or bad faith. Each of the Trustee and the Collateral Trustee will notify the Issuers promptly of any claim of which the Trustee has received written notice and for which it may seek indemnity. Failure by the Trustee or the Collateral Trustee, as applicable, to so notify the Issuers will not relieve the Issuers or any of the Guarantors of their obligations hereunder. The Issuers or such Guarantor will defend the claim and the Trustee and the Collateral Trustee, as applicable, will cooperate in the defense. The Trustee and the Collateral Trustee, as applicable, may have separate counsel and the Issuers shall pay the reasonable fees and expenses of such counsel. Neither the Issuers nor any Guarantor need pay for any settlement made without its consent, which consent will not be unreasonably withheld.

(c) The obligations of the Issuers and the Guarantors under this Section 7.06 will survive the satisfaction and discharge of this Indenture and the resignation, removal or replacement of the Trustee or the Collateral Trustee.

(d) To secure the Issuers' and the Guarantors' payment obligations in this Section 7.06, the Trustee will have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal of, or premium or interest, if any, on particular Notes. Such Lien will survive the satisfaction and discharge of this Indenture.

(e) When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(9) or (10) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

*Section 7.07 Replacement of Trustee.*

(a) A resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

(b) The Trustee may, upon thirty (30) days' written notice to the Issuers resign and be discharged from the trust hereby created. The Holders of a majority in aggregate principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Issuers in writing. The Issuers may remove the Trustee if:

- (1) the Trustee fails to comply with Section 7.09 hereof;
- (2) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;
- (3) a custodian or public officer takes charge of the Trustee or its property; or
- (4) the Trustee becomes incapable of acting.

(c) If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Issuers will promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in aggregate principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Issuers.

(d) If a successor Trustee does not take office within sixty (60) days after the retiring Trustee resigns or is removed, the retiring Trustee (at Issuer expense), the Issuers, or the Holders of at least 10% in aggregate principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(e) If the Trustee, after written request by any Holder who has been a Holder for at least six months, fails to comply with Section 7.09 hereof, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) A successor Trustee will deliver a written acceptance of its appointment to the retiring Trustee and to the Issuers. Thereupon, the resignation or removal of the retiring Trustee will become effective, and the successor Trustee will have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee will mail a notice of its succession to Holders. The retiring Trustee will promptly transfer all property held by it as Trustee to the successor Trustee provided that all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.06 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.07, the Issuers' obligations under Section 7.06 hereof will continue for the benefit of the retiring Trustee.

*Section 7.08 Successor Trustee by Merger, etc.*

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act will be the successor Trustee.

*Section 7.09 Eligibility; Disqualification.*

There will at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least \$100.0 million as set forth in its most recent published annual report of condition.

## ARTICLE 8

### LEGAL DEFEASANCE AND COVENANT DEFEASANCE

#### *Section 8.01 Option to Effect Legal Defeasance or Covenant Defeasance.*

The Issuers may, at their joint option and at any time, at the option of their Boards of Directors evidenced by a resolution set forth in their respective Officers' Certificates, elect to have either Section 8.02 or 8.03 hereof be applied to all outstanding Notes upon compliance with the conditions set forth in this Article 8.

#### *Section 8.02 Legal Defeasance and Discharge.*

Upon the Issuers' exercise under Section 8.01 hereof of the option applicable to this Section 8.02, each of the Issuers and each of the Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from their obligations with respect to all outstanding Notes (including the Note Guarantees) on the date the conditions set forth below are satisfied (hereinafter, "*Legal Defeasance*"). For this purpose, Legal Defeasance means that the Issuers and the Guarantors will be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes (including the Note Guarantees), which will thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in clauses (1) and (2) of this Section 8.02, and to have satisfied all their other obligations under such Notes, the Note Guarantees and this Indenture (and the Trustee, on demand of and at the expense of the Issuers, shall execute proper instruments acknowledging the same), except for the following provisions which will survive until otherwise terminated or discharged hereunder:

- (1) the rights of Holders of outstanding Notes to receive payments in respect of the principal of, or interest or premium, if any, on such Notes when such payments are due from the trust referred to in Section 8.04 hereof;
- (2) the Issuers' obligations with respect to such Notes under Article 2 and Section 4.02 hereof;
- (3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuers' and the Guarantors' obligations in connection therewith; and
- (4) this Article 8.

Subject to compliance with this Article 8, the Issuers may exercise their joint option under this Section 8.02 notwithstanding the prior exercise of their option under Section 8.03 hereof.

#### *Section 8.03 Covenant Defeasance.*

Upon the Issuers' exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Issuers and each of the Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from each of their obligations under the covenants contained in Sections 3.08, 4.03, 4.04, 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13, 4.14, 4.15, 4.16, 4.17, 4.18, 4.19, and clauses (4), (5), (6) and (7) of Section 5.01 hereof with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 hereof are satisfied (hereinafter, "*Covenant Defeasance*"), and the Notes will thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but will continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes will not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes and Note Guarantees, the Issuers and the Guarantors may omit to comply with and will have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply will not constitute a Default or an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and such Notes and Note Guarantees will be unaffected thereby. In addition, upon the Issuer's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, Sections 6.01(3) through 6.01(8) hereof will not constitute Events of Default.

*Section 8.04 Conditions to Legal or Covenant Defeasance.*

In order to exercise either Legal Defeasance under Section 8.02 hereof or Covenant Defeasance under Section 8.03 hereof:

(1) the Issuers must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest and premium, if any, on the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Issuers must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of Legal Defeasance under Section 8.02 hereof, the Issuers must deliver to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that (a) the Issuers have received from, or there has been published by the Internal Revenue Service a ruling or (b) since the date of this Indenture, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance under Section 8.03 hereof, the Issuers must deliver to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit (and any similar concurrent deposit relating to other Indebtedness), and the granting of Liens to secure such borrowings);

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture and the agreements governing any other Indebtedness being defeased, discharged or replaced) to which either Issuer or any of the Guarantors is a party or by which either Issuer or any of the Guarantors is bound;

(6) the Issuers must deliver to the Trustee an Officers' Certificate stating that the deposit was not made by the Issuers with the intent of preferring the Holders of Notes over the other creditors of the Issuers with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuers or others; and

(7) the Issuers must deliver to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

(b) The Collateral will be released from the Liens securing the Notes in accordance with Section 12.04 hereof and the Security Documents, upon a Legal Defeasance or Covenant Defeasance in accordance with this Article 8.

*Section 8.05 Deposited Money and Government Securities to be Held in Trust; Other Miscellaneous Provisions.*

Subject to Section 8.06 hereof, all money and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the “Trustee”) pursuant to Section 8.04 hereof in respect of the outstanding Notes will be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including either of the Issuers acting as Paying Agent) as the Trustee may determine, to the applicable Holders of all sums due and to become due thereon in respect of principal, or premium or interest, if any, but such money need not be segregated from other funds except to the extent required by law.

The Issuers will pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable Government Securities deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Notwithstanding anything in this Article 8 to the contrary, the Trustee will deliver or pay to the Issuers from time to time upon the joint request of the Issuers any money or non-callable Government Securities held by either of the Issuers as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(1) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

*Section 8.06 Repayment to Issuers.*

Any money deposited with the Trustee or any Paying Agent, or then held by the Issuers, in trust for the payment of the principal of, or premium or interest, if any, on any Note and remaining unclaimed for two years after such principal, or premium or interest, if any, has become due and payable shall be paid to the Issuers on their joint request or (if then held by either of the Issuers) will be discharged from such trust; and the applicable Holder will thereafter be permitted to look only the Issuers for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Issuers as trustee thereof, will thereupon cease; *provided, however*, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Issuers cause to be published once, in the New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which will not be less than thirty (30) days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Issuers.

*Section 8.07 Reinstatement.*

If the Trustee or Paying Agent is unable to apply any U.S. dollars or non-callable Government Securities in accordance with Section 8.02 or 8.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Issuers’ and the Guarantors’ obligations under this Indenture and the Notes and the Note Guarantees will be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03 hereof, as the case may be; *provided, however*, that, if the Issuers make any payment of principal of, or premium or interest, if any, on any Note following the reinstatement of its obligations, the Issuers will be subrogated to the rights of the applicable Holders to receive such payment from the money held by the Trustee or Paying Agent.



ARTICLE 9

AMENDMENT, SUPPLEMENT AND WAIVER

*Section 9.01 Without Consent of Holders.*

Notwithstanding Section 9.02 of this Indenture, without the consent of any Holder, the Issuers, the Guarantors, the Trustee and the Collateral Trustee may amend or supplement this Indenture, the Notes, the Note Guarantees and the Security Documents:

- (1) to cure any ambiguity, defect or inconsistency;
- (2) to provide for uncertificated Notes in addition to or in place of certificated Notes;
- (3) to provide for the assumption of an Issuer's or a Guarantor's obligations to Holders of Notes and Note Guarantees by a successor to an Issuer's or such Guarantor pursuant to Article 5 or Article 10 hereof;
- (4) to make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect the legal rights hereunder of any such Holder;
- (5) to make, complete or confirm any grant of Collateral permitted or required by this Indenture or any Security Document or to evidence the release, termination or discharge of any Collateral or Security Documents or Note Guarantees in accordance with the terms of this Indenture or the Security Documents;
- (6) to enter into additional or supplemental Security Documents or otherwise provide additional Collateral;
- (7) to provide for the issuance of Additional Securities in accordance with the limitations set forth in this Indenture as of the date hereof;
- (8) to allow any Guarantor to execute a supplemental indenture and/or a Note Guarantee with respect to the Notes;
- (9) to evidence and provide for the acceptance of appointment hereunder by a successor trustee pursuant to the requirements of this Indenture; or
- (10) to provide for the release of a Guarantee of the Notes by a Restricted Subsidiary of either Issuer which release is otherwise permitted under this Indenture and would not result in a Default or Event of Default.

*Section 9.02 With Consent of Holders.*

Except as provided below in this Section 9.02, the Issuers, the Guarantors, the Trustee and the Collateral Trustee may amend or supplement this Indenture (including, without limitation, Sections 3.08, 3.9, 4.10, 4.15 and 4.20 hereof), the Notes, the Note Guarantees or the Security Documents with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes), and, subject to Sections 6.04 and 6.07 hereof, any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, or premium or interest, if any, on the Notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of this Indenture or the Notes or the Note Guarantees may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes). Section 2.08 hereof shall determine which Notes are considered to be "outstanding" for purposes of this Section 9.02.

Upon the joint request of the Issuers accompanied by a resolution of their Boards of Directors authorizing the execution of any such amended or supplemental indenture, and upon the filing with the Trustee of evidence reasonably satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 7.02 hereof, the Trustee will join with the Issuers and the Guarantors in the execution of such amended or supplemental indenture unless such amended or supplemental indenture directly affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but will not be obligated to, enter into such amended or supplemental Indenture.

It is not necessary for the consent of the Holders of Notes under this Section 9.02 to approve the particular form of any proposed amendment, supplement or waiver, but it is sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Issuers will mail to the Holders affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Issuers to mail such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such amended or supplemental indenture or waiver. Subject to Sections 6.04 and 6.07 hereof, the Holders of at least a majority in aggregate principal amount of the Notes then outstanding may waive compliance in a particular instance by the Issuers and the Guarantors with any provision of this Indenture, the Notes, the Note Guarantees or the Security Documents. However, without the consent of each Holder of the Notes affected, an amendment, supplement or waiver under this Section 9.02 may not (with respect to any Notes held by a non-consenting Holder):

- (1) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of or change the fixed maturity of any Note or alter any of the provisions with respect to the redemption of the Notes (except as provided above with respect to Sections 3.08, 3.09, 4.10, 4.15 and 4.20 hereof);
- (3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;
- (4) waive a Default or Event of Default in the payment of principal of, or interest or premium, if any, on the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the then outstanding Notes or a waiver of the payment default that resulted from such acceleration);
- (5) make any Note payable in money other than that stated in the Notes;
- (6) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of, or interest or premium, if any, on the Notes;
- (7) waive a redemption payment with respect to any Note (other than a payment required by Sections 3.08, 3.09, 4.10, 4.15 or 4.20 hereof);
- (8) release any Guarantor from any of its obligations under its Note Guarantee or this Indenture, except in accordance with the terms of this Indenture; or
- (9) make any change in the preceding amendment and waiver provisions.

In addition, any amendment to, or waiver of, the provisions of this Indenture or any Security Document that has the effect of releasing all or substantially all of the Collateral from the Liens securing the Notes will require the consent of the Holders of 85% in aggregate principal amount of the Notes then outstanding.

*Section 9.03 Revocation and Effect of Consents.*

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the amendment, supplement or waiver becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

*Section 9.04 Notation on or Exchange of Notes and Notes.*

The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. Each Issuer in exchange for all Notes may issue and the Trustee shall, upon receipt of an Authentication Order, authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note will not affect the validity and effect of such amendment, supplement or waiver.

*Section 9.05 Trustee and Collateral Trustees to Sign Amendments, etc.*

The Trustee and the Collateral Trustee will sign any amended or supplemental indenture authorized pursuant to this Article 9 or any amendments under the Security Documents if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee and the Collateral Trustee. The Issuers may not sign an amended or supplemental indenture until the Board of Directors of each Issuer approves it. In executing any amended or supplemental indenture, the Trustee and the Collateral Trustee will be provided with and (subject to Section 7.01 hereof) will be fully protected in relying upon an Officers' Certificate of each of the Issuers and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture.

## ARTICLE 10

### NOTE GUARANTEES

#### *Section 10.01 Guarantee.*

(a) Subject to this Article 10, each of the Guarantors hereby, jointly and severally, unconditionally guarantees (each, a “*Note Guarantee*”) to each Holder holding a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Indenture, the Notes or the obligations of the Issuers hereunder or thereunder, that:

(1) the principal of, and interest and premium, if any, on the Notes will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of, and interest and premium, if any, on the Notes, if lawful, and all other obligations of the Issuers to the Holders holding Notes or the Trustee under this Indenture will be promptly paid in full or performed, all in accordance with the terms of this Indenture and the Notes; and

(2) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise.

(b) Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors will be jointly and severally obligated to pay the same immediately. Each Guarantor agrees that this is a guarantee of payment and not a guarantee of collection.

(c) The Guarantors hereby agree that their obligations hereunder are unconditional, irrespective of the validity, regularity or enforceability of the Notes or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder holding Notes with respect to any provisions hereof or thereof, the recovery of any judgment against the Issuers, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Guarantor. Each Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuers, any right to require a proceeding first against the Issuers, protest, notice and all demands whatsoever and covenants that its Note Guarantee will not be discharged except by complete performance of the obligations contained in the Notes and this Indenture.

(d) If any Holder holding a Note or the Trustee is required by any court or otherwise to return to the Issuers, the Guarantors or any custodian, trustee, liquidator or other similar official acting in relation to either the Issuers or the Guarantors, any amount paid by either to the Trustee or such Holder, the Note Guarantee, to the extent theretofore discharged, will be reinstated in full force and effect.

(e) Each Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders holding Notes in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby. Each Guarantor further agrees that, as between the Guarantors, on the one hand, and the Holders holding Notes and the Trustee, on the other hand, (1) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article 6 hereof for the purposes of the Note Guarantees, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (2) in the event of any declaration of acceleration of such obligations as provided in Article 6 hereof, such obligations (whether or not due and payable) will forthwith become due and payable by the Guarantors for the purpose of the Note Guarantee. The Guarantors will have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders holding Notes under the Note Guarantees.

#### *Section 10.02 Limitation on Guarantor Liability.*

Each Guarantor, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Note Guarantee of such Guarantor not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal, state, provincial or foreign law to the extent applicable to any Note Guarantee. To effectuate the foregoing intention, the Trustee, the Holders and the Guarantors hereby irrevocably agree that the obligations of each such Guarantor will be limited to the maximum amount that will, after giving effect to such maximum amount and all other contingent and fixed liabilities of such Guarantor that are relevant under such laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under this Article 10, result in the obligations of such Guarantor under its Note Guarantee not constituting a fraudulent transfer or conveyance.

*Section 10.03 Execution and Delivery of Note Guarantee.*

To evidence its Note Guarantee set forth in Section 10.01 hereof, each Guarantor hereby agrees that a notation of such Note Guarantee substantially in the form attached as Exhibit E1 hereto will be endorsed by an Officer of such Guarantor on each Note authenticated and delivered by the Trustee and that this Indenture will be executed on behalf of such Guarantor by one of its Officers.

Each Guarantor hereby agrees that its Note Guarantee set forth in Section 10.01 hereof will remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Note Guarantee.

If an Officer whose signature is on this Indenture or on a Note Guarantee no longer holds that office at the time the Trustee authenticates the Note on which the Note Guarantee is endorsed, the Note Guarantee will be valid nevertheless.

The delivery of any Note by the Trustee, after the authentication thereof hereunder, will constitute due delivery of the applicable Note Guarantee set forth in this Indenture on behalf of the Guarantors. Neither the Issuers nor any Guarantor shall be required to make a notation on the Notes to reflect any Note Guarantee or any such release, termination or discharge thereof.

In the event that the Company or any of its Restricted Subsidiaries acquires or creates any Domestic Subsidiary after the date of this Indenture, if required by Section 4.17(a) hereof, the Company shall cause such Domestic Subsidiary to comply with the provisions of Section 4.17 (a) hereof and this Article 10, to the extent applicable.

*Section 10.04 Guarantors May Consolidate, etc., on Certain Terms.*

Except as otherwise provided in Section 10.05 hereof, no Guarantor may sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge or amalgamate with or into (whether or not such Guarantor is the surviving Person) another Person, other than the Company or another Guarantor, unless:

- (1) immediately after giving effect to such transaction, no Default or Event of Default exists; and
- (2) either:

(a) (i) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger or amalgamation (the "*Successor Guarantor*") assumes all the obligations of that Guarantor under its Note Guarantee, this Indenture, and the Security Documents pursuant to a supplemental indenture and appropriate Security Documents satisfactory to the Trustee, (ii) the Successor Guarantor causes such amendments, supplements or other instruments to be executed, delivered, filed and recorded in such jurisdictions as may be required by applicable law to preserve and protect the Liens under the applicable Security Documents on the Collateral owned by or transferred to the Successor Guarantor, together with such financing statements as may be required to perfect any security interests in such Collateral which may be perfected by the filing of a financing statement under the Uniform Commercial Code of the relevant jurisdiction; (iii) the Collateral owned by or transferred to the Successor Guarantor shall: (A) continue to constitute Collateral under this Indenture and the applicable Security Documents, (B) be subject to Liens in favor of the Collateral Trustee for the benefit of the Holders and any other Parity Lien Indebtedness or Priority Lien Indebtedness and (C) not be subject to any Lien other than Permitted Liens; and (iv) the property and assets of the Person which is merged or consolidated with or into the Successor Guarantor, to the extent that they are property or assets of the types which would constitute Collateral under the applicable Security Documents, shall be treated as after-acquired property and the Successor Guarantor shall take such action as may be reasonably necessary to cause such property and assets to be made subject to the Lien of the applicable Security Documents in the manner and to the extent required under this Indenture and the Security Documents; or

(b) the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of this Indenture, including without limitation, Section 4.10 hereof.

In case of any such consolidation, merger, amalgamation, sale or conveyance and upon the assumption by the successor Person, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the Note Guarantee endorsed upon the applicable Notes and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Guarantor, such successor Person will succeed to and be substituted for the Guarantor with the same effect as if it had been named herein as a Guarantor. Such successor Person thereupon may cause to be signed any or all of the Note Guarantees to be endorsed upon all of the applicable Notes issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee. All the Note Guarantees so issued will in all respects have the same legal rank and benefit under this Indenture as the Note Guarantees theretofore and thereafter issued in accordance with the terms of this Indenture as though all of such Note Guarantees had been issued at the date of the execution hereof.

Except as set forth in Articles 4 and 5 hereof, and notwithstanding clauses 2(a) and (b) above, nothing contained in this Indenture or in any of the Notes will prevent any consolidation or merger of a Guarantor with or into the Company or another Guarantor, or will prevent any sale or conveyance of the property of a Guarantor as an entirety or substantially as an entirety to the Company or another Guarantor.

*Section 10.05 Releases.*

(a) In the event of any sale or other disposition of all or substantially all of the assets of any Subsidiary Guarantor, by way of merger, consolidation or otherwise, to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary of the Company, if the sale or other disposition does not violate Section 4.10 hereof and is permitted by all of the Secured Debt Documents then the corporation acquiring the property will be released and relieved of any obligations under the applicable Note Guarantee;

(b) In the event of any sale or other disposition of Capital Stock of any Subsidiary Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary of the Company, if the sale or other disposition does not violate Section 4.10 hereof and is permitted by all of the Secured Debt Documents and the Subsidiary Guarantor ceases to be a Restricted Subsidiary of the Company as a result of the sale or other disposition, then such Subsidiary Guarantor will be released and relieved of any obligations under its Note Guarantee;

*provided*, in both cases, that the Net Proceeds of such sale or other disposition are applied in accordance with Section 4.10 hereof. Upon delivery by the Issuers to the Trustee of an Officers' Certificate and an Opinion of Counsel to the effect that such sale or other disposition was made by the Guarantor in accordance with the provisions of this Indenture, including without limitation Section 4.10 hereof, the Trustee will execute any documents reasonably required in order to evidence the release of the Guarantor from its obligations under its Note Guarantee;

(c) Upon designation of any Restricted Subsidiary that is a Subsidiary Guarantor as an Unrestricted Subsidiary in accordance with the terms of this Indenture and as permitted by the Secured Debt Documents, such Subsidiary Guarantor will be released and relieved of any obligations under its Note Guarantee;

(d) Upon Legal Defeasance or Covenant Defeasance in accordance with Article 8 hereof or satisfaction and discharge of this Indenture in accordance with Article 11 hereof, each Guarantor will be released and relieved of any obligations under its Note Guarantee;

(e) Upon satisfaction and discharge of the Indenture, in accordance with Article 11 hereof; and

(f) Upon payment in full and discharge of all Notes outstanding under this Indenture and all Obligations that are outstanding; due and payable under this Indenture at the time of the Notes are paid in full and discharged.

Any Guarantor not released from its obligations under its Note Guarantee as provided in this Section 10.05 will remain liable for the full amount of principal of, premium on, if any, and interest, if any, on the applicable Notes and for the other obligations of such Guarantor under this Indenture as provided in this Article 10.

ARTICLE 11

SATISFACTION AND DISCHARGE

*Section 11.01 Satisfaction and Discharge.*

This Indenture will be discharged and will cease to be of further effect as to all Notes issued hereunder (subject to those provisions herein that by their express terms shall survive), when:

(1) either:

(a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuers, have been delivered to the Trustee for cancellation; or

(b) all Notes that have not been delivered to the Trustee for cancellation (i) have become due and payable by reason of the mailing of a notice of redemption or otherwise, (ii) will become due and payable within one year or (iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuers, and either Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption;

(2) in respect of clause (1)(b) of this Section 11.01, no Default or Event of Default has occurred and is continuing on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit and any similar deposit relating to other Indebtedness and, in each case, the granting of Liens to secure such borrowings) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which an Issuer or any Guarantor is a party or by which an Issuer or any Guarantor is bound (other than with respect to the borrowing of funds to be applied concurrently to make the deposit required to effect such satisfaction and discharge and any similar concurrent deposit relating to other Indebtedness, and in each case the granting of Liens to secure such borrowings);

(3) either Issuer or any Guarantor has paid or caused to be paid all sums payable by it under this Indenture; and

(4) the Issuers have delivered irrevocable instructions to the Trustee under this Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Issuers must deliver an Officers' Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Notwithstanding the satisfaction and discharge of this Indenture, if money has been deposited with the Trustee pursuant to clause (1)(b) of this Section 11.01, the provisions of Sections 11.02 and 8.06 hereof will survive. In addition, nothing in this Section 11.01 will be deemed to discharge those provisions of Section 7.07 hereof, that, by their terms, survive the satisfaction and discharge of this Indenture.

*Section 11.02 Application of Trust Money.*

Subject to the provisions of Section 8.06 hereof, all money deposited with the Trustee pursuant to Section 11.01 hereof shall be held in trust and applied by it, in accordance with the provisions of the applicable Notes and this Indenture, to the payment, either directly or through any Paying Agent (including an Issuer acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal and interest and premium, if any, for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

If the Trustee or Paying Agent is unable to apply any money or Government Securities in accordance with Section 11.01 hereof by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Issuers' and Guarantors' obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 11.01 hereof; *provided* that if the Issuers have made any payment of principal of, premium on, if any, or interest, if any, on any Notes because of the reinstatement of its obligations, the Issuers shall be subrogated to the rights of the applicable Holders to receive such payment from the money or Government Securities held by the Trustee or Paying Agent.

## ARTICLE 12

### COLLATERAL AND SECURITY

#### *Section 12.01 Security Interest.*

The due and punctual payment of the principal of and interest and premium, if any, on the Notes when and as the same shall be due and payable, whether on an interest payment date, at maturity, by acceleration, repurchase, redemption or otherwise, and interest on the overdue principal of and interest and premium, if any, (to the extent permitted by law), on the Notes and performance of all other obligations of the Issuers to the Holders of Notes or the Trustee under this Indenture and the Notes (including, without limitation, the Note Guarantees), according to the terms hereunder or thereunder, are secured to the extent provided in the Security Documents.

Each Holder, by its acceptance of the Notes, consents and agrees to the terms of the Security Documents (including, without limitation, the provisions providing for foreclosure and release of Collateral) as the same may be in effect or may be amended from time to time in accordance with its terms and each Holder authorizes and appoints U.S. Bank National Association as the Trustee and each Holder and together with the Trustee authorizes and appoints U.S. Bank National Association as the Collateral Trustee, and each Holder and the Trustee direct the Collateral Trustee to enter into additional Security Documents from time to time and to perform its obligations and exercise its rights thereunder in accordance with the provisions thereof. U.S. Bank National Association hereby accepts its appointment by each Holder and the Trustee to act as Collateral Trustee under the Indenture and each other Parity Lien Document to which it is a party. Each of the Issuers and the Guarantors consents and agrees to be bound by the terms of the existing Security Documents and any additional Security Documents, as the same may be in effect from time to time, and agrees to perform its obligations thereunder in accordance therewith.

Each Issuer will deliver to the Trustee copies of all documents delivered to the Collateral Trustee pursuant to the applicable Security Documents, and will do or cause to be done all such acts and things as required by the provisions of the Security Documents to assure and confirm to the Trustee and the Collateral Trustee the security interest in the Collateral contemplated by the Security Documents or any part thereof, as from time to time constituted, so as to render the same available for the security and benefit of this Indenture and of the Notes. Each Issuer will take, and will cause the Guarantors to take, any and all actions required by the Security Documents to create and maintain, as security for the Parity Lien Obligations, a valid, enforceable and, to the extent required by the Security Documents, perfected Lien in and on all the Collateral, in favor of the Collateral Trustee for the benefit of the Holders of the Notes, to the extent required by, and with the lien priority required under, the Secured Debt Documents and subject to no Liens other than Permitted Liens.

#### *Section 12.02 Security Documents.*

This Article 12 and the provisions of each other Security Document are subject to the terms, conditions and benefits set forth in the Collateral Trust Agreement at any time such Collateral Trust Agreement is in effect. Each of the Issuer and each Guarantor consents to, and agrees to be bound by, the terms of the Collateral Trust Agreement, as the same may be in effect from time to time, and to perform its obligations thereunder in accordance therewith.

*Section 12.03 Collateral Trustee.*

With respect to the Notes,

(1) U.S. Bank National Association will initially act as the Collateral Trustee for the benefit of the Holders of the Notes and all other Parity Lien Obligations outstanding from time to time;

(2) Neither the Issuers, nor any of their Affiliates and no Parity Lien Representative, Priority Lien Representative or Junior Lien Representative may serve as Collateral Trustee.

(3) The Collateral Trustee shall hold (directly or through co-trustees or agents), and will be entitled to enforce, all Liens on the Collateral created by the Security Documents.

(4) Except as provided in the Security Documents or as directed by an Act of Required Debtholders in accordance with the Security Documents, the Collateral Trustee shall not be obligated:

(a) to act upon directions purported to be delivered to it by any Person;

(b) to foreclose upon or otherwise enforce any Lien; or

(c) to take any other action whatsoever with regard to any or all of the Security Documents, the Liens created thereby or the Collateral.

(5) A resignation or removal of the Collateral Trustee and appointment of a successor Collateral Trustee will become effective pursuant to the terms set forth in the Security Documents.

*Section 12.04 Release of Liens in Respect of Notes.*

(a) The Collateral Trustee's Parity Liens upon the Collateral will no longer secure the Notes outstanding under this Indenture or any other Obligations under this Indenture, and the rights of the Holders of the Notes and such Obligations to the benefits and proceeds of the Collateral Trustee's Parity Liens on the Collateral will terminate and be discharged:

(1) Upon the satisfaction and discharge of this Indenture, in accordance with Article 11 hereof;

(2) Upon a Legal Defeasance or Covenant Defeasance of the Notes in accordance with Article 8 hereof;

(3) Upon payment in full and discharge of all Notes outstanding under this Indenture and all Obligations that are outstanding, due and payable under this Indenture at the time the Notes are paid in full and discharged;

(4) In whole or in part, with the consent of the Holders of the requisite percentage of Notes in accordance with Article 9 hereof;

(5) As to any Collateral that is sold, transferred or otherwise disposed of by any Issuer or any Guarantor to a Person that is not (either before or after such sale, transfer or disposition) an Issuer or a Restricted Subsidiary of the Issuer in a transaction or other circumstance that does not violate Section 4.10 and is permitted by all of the other Security Documents, at the time of such sale, transfer or other disposition or to the extent of the interest sold, transferred or otherwise disposed of; provided that the Collateral Trustee's Liens upon the Collateral will not be released if the sale or disposition is subject to Section 5.01 hereof; or

(6) as to any Collateral of a Restricted Subsidiary that is designated as an Unrestricted Subsidiary in compliance with the provisions of this Indenture and any other relevant provisions of any other Security Documents, at the time such Restricted Subsidiary is designated as an Unrestricted Subsidiary.

(b) The Collateral Trustee agrees for the benefit of the applicable Issuer and the other Guarantors that if the Collateral Trustee at any time receives:

(1) an Officers' Certificate stating that (A) the signing officer has read Article 12.04 of this Indenture and understands the provisions and the definitions relating hereto, (B) such officer has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not the conditions precedent in the Indenture and all other Security Documents, if any, relating to the release of the Collateral have been complied with and (C) in the opinion of such officer, such conditions precedent, if any, have been complied with; and

(2) the proposed instrument or instruments releasing such Lien as to such property in recordable form, if applicable;



then the Collateral Trustee will execute (with such acknowledgements and/or notarizations as are required) and deliver such release to the applicable Issuer or applicable Guarantor on or before the later of (x) the date specified in such request for such release and (y) the fifth Business Day after the date of receipt of the items required by this Section 12.04 by the Collateral Trustee.

(c) The Collateral Trustee hereby agrees that in the case of any release pursuant to clause (5) of Section 12.04(a), if the terms of any such sale, transfer or other disposition require the payment of the purchase price to be contemporaneous with the delivery of the applicable release, then, at the written request of and at the expense of the applicable Issuer or other applicable Guarantor, the Collateral Trustee will either (A) be present at and deliver the release at the closing of such transaction or (B) deliver the release under customary escrow arrangements that permit such contemporaneous payment and delivery of the release.

*Section 12.05 Equal and Ratable Sharing of Collateral by Holders of Parity Lien Debt.*

Notwithstanding:

- (1) anything to the contrary contained in the Security Documents;
- (2) the time of incurrence of any Series of Parity Lien Debt;
- (3) the order or method of attachment or perfection of any Liens securing any Series of Parity Lien Debt;
- (4) the time or order of filing or recording of financing statements, mortgages or other documents filed or recorded to perfect any Lien upon any Collateral;
- (5) the time of taking possession or control over any Collateral;
- (6) that any Parity Lien may not have been perfected or may be or have become subordinated, by equitable subordination or otherwise, to any other Lien; or
- (7) the rules for determining priority under any law governing relative priorities of Liens:

(x) all Parity Liens granted at any time by an Issuer or any Guarantor will secure, equally and ratably, all present and future Parity Lien Obligations; and (y) all proceeds of all Parity Liens granted at any time by an Issuer or any Guarantor will be allocated and distributed equally and ratably on account of the Parity Lien Debt and other Parity Lien Obligations.

In addition, this Section 12.05 is intended for the benefit of, and shall be enforceable as a third party beneficiary by, each present and future Holder of Parity Lien Obligations, each present and future Parity Lien Representative and the Collateral Trustee as holder of Parity Liens. The Parity Lien Representative of each future Series of Parity Lien Debt shall be required to deliver a Lien Sharing and Priority Confirmation to the Collateral Trustee and the Trustee at the time of incurrence of such Series of Parity Lien Debt.

*Section 12.06 Relative Rights.*

Nothing in this Indenture or the Security Documents will:

- (1) impair, as among the Issuers and the Holders, the obligation of any Issuer to pay principal of, or premium and interest on, the Notes issued by such Issuers in accordance with their terms or any other obligation of the Issuers or any Guarantor;
- (2) affect the relative rights of Holders as against any other creditors of any Issuer or any Guarantor (other than holders of Priority Liens, any other Parity Liens or any Junior Liens to the extent expressly set forth herein or in the applicable Security Document);
- (3) restrict the right of any Holder to sue for payments that are then due and owing (but not enforce any judgment in respect thereof against any Collateral to the extent specifically prohibited by the Security Documents);
- (4) restrict or prevent any Holder or holders of other Parity Lien Obligations, any Collateral Trustee or any Parity Lien Representative from exercising any of its rights or remedies upon a Default or Event of Default not expressly restricted or prohibited by the Security Documents; or
- (5) restrict or prevent any Holder or holders of other Parity Lien Obligations, the Collateral Trustee or any Parity Lien Representative from taking any lawful action in an insolvency or liquidation proceeding not specifically restricted or prohibited by the Security Documents.

*Section 12.07 Further Assurances.*

Each of the Issuers and each of the Guarantors shall cause to be done all acts and things that may be required by this Indenture or the Parity Lien Documents, or that the Collateral Trustee from time to time may reasonably request, to assure and confirm that the Collateral Trustee holds, for the benefit of the holders of Parity Lien Obligations, duly created and enforceable and perfected Liens upon the Collateral, in each case, as contemplated by, and with the Lien priority required under, the Parity Lien Documents, and subject to the limitations set forth in the Parity Lien Documents.

On or prior to the date on which any additional Secured Debt Document is executed, the Issuers and each of the Guarantors shall grant to the Collateral Trustee a security interest in any assets or property of the Issuers or Guarantors not otherwise granted pursuant to this Indenture and the Security Documents on or prior to such date, to the extent that the Issuers and the Guarantors grant a security interest in such other assets to the new Secured Debt Representative or any holders of such new Obligations.

From and after the date hereof, if any Issuer or any Guarantor acquires any personal property which is of a type that would constitute Collateral under any Security Document, it will be required as soon as reasonably practicable after the acquisition thereof, to execute and deliver such security instruments, financing statements, and Officers' Certificates and opinions of counsel as are required under this Indenture or under any Security Document, or as may be reasonably requested by the Collateral Trustee, in each case, to vest in the Collateral Trustee a perfected (to the extent required by this Indenture or the Security Documents) security interest in such after-acquired property with the priority required hereunder or under the applicable Security Document and to have such after-acquired property added to the Collateral, and thereupon all provisions of this Indenture relating to such Collateral shall be deemed to relate to such after-acquired property to the same extent and with the same force and effect.

On or prior to the date on which any other additional Secured Debt Documents are executed or the date on which any Junior Lien Debt or other Parity Lien Debt is incurred, in each case, in accordance with the terms of this Indenture and the other Secured Debt Documents then in effect, the Collateral Trustee shall enter into the Collateral Trust Agreement upon receipt of an Officers' Certificate from the Issuers certifying that such other Parity Lien Debt or Junior Lien Debt, as applicable, has been incurred as permitted under the Secured Debt Documents.

*Section 12.08 Application of Proceeds*

Subject to the terms of the Collateral Trust Agreement as in effect from time to time, if any Collateral is sold or otherwise realized upon by the Collateral Trustee in connection with any foreclosure, collection or other enforcement of Liens granted to the Collateral Trustee in the Security Documents, the proceeds received by the Collateral Trustee from such foreclosure, collection or other enforcement will be distributed by the Collateral Trustee to the Trustee for application by the Trustee in the following order:

FIRST, ratably, to the Trustee and the Collateral Trustee toward the payment of all amounts due to the Trustee and the Collateral Trustee under Section 7.06 hereof, and to the Collateral Trustee under any Security Document, including payment of all compensation, expenses and liabilities incurred, and all advances made, by the Trustee and the Collateral Trustee or any co-trustee or agent of the Collateral Trustee;

SECOND, to Holders of Notes for Obligations in respect of the Notes that are then due and payable in an amount sufficient to pay in full all outstanding Obligations in respect of such Notes that are then due and payable (including all interest accrued thereon after the commencement of any Insolvency or Liquidation Proceeding, even if such interest is not enforceable, allowable or allowed as a claim in such proceeding), ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any, and interest, if any, respectively; and

THIRD, any surplus remaining after the payment in full of the amounts described in the preceding clauses will be paid to the Issuers or as a court of competent jurisdiction may direct.

ARTICLE 13

MISCELLANEOUS

*Section 13.01 Notices.*

Any notice or communication by the Issuers, any Guarantor, the Trustee or any Collateral Trustee to the others is duly given if in writing and delivered in Person or by first class mail (registered or certified, return receipt requested), facsimile transmission or overnight air courier guaranteeing next day delivery, to the others' address:

If to any Issuers and/or any Guarantor:

c/o TV One, LLC  
1010 Wayne Avenue  
Silver Spring, MD 20910  
Attention: Ms. Karen Wishart  
EVP, Chief Legal Officer

With a copy to:

Kirkland & Ellis LLP

300 North LaSalle

Chicago, IL 60654

Attention: Dennis M. Myers, P.C.

If to the Trustee:

U.S. Bank National Association - Corporate Trust Services

150 Fourth Avenue North, 2nd Floor

Nashville, TN 37219

Attention: Wally Jones

With a copy to:

Waller Lansden Dortch & Davis, LLP

511 Union Street, Suite 2700

Nashville, TN 37219

Attention: Gerald Mace

If to the Collateral Trustee:

U.S. Bank National Association - Corporate Trust Services

150 Fourth Avenue North, 2nd Floor

Nashville, TN 37219

Attention: Wally Jones

Either Issuer, any Guarantor, the Trustee or any Collateral Trustee, by notice to the others, may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) will be deemed to have been duly given: at the time delivered by hand, if personally delivered; five (5) Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if transmitted by facsimile; and the next Business Day after timely delivery to a courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or communication to a Holder will be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Failure to mail a notice or communication to a Holder or any defect in it will not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If an Issuer mails a notice or communication to Holders, it will mail a copy to the Trustee and the Collateral Trustee at the same time.

*Section 13.02 Certificate and Opinion as to Conditions Precedent.*

Upon any request or application by an Issuer to the Trustee to take any action under this Indenture, such Issuer shall furnish to the Trustee:

(1) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 13.03 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(2) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 13.03 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied; *provided*, that no such Opinion of Counsel shall be required in connection with the order by the Issuer to authenticate and deliver the Initial Notes on the date hereof pursuant to Section 2.02 hereof.

*Section 13.03 Statements Required in Certificate or Opinion.*

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture must include:

(1) a statement that the Person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied; *provided*, that an issuer of an Opinion of Counsel can rely as to matters of fact on an Officers' Certificate or a certificate of a public official.

*Section 13.04 Rules by Trustee and Agents.*

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

*Section 13.05 No Personal Liability of Directors, Officers, Employees, Stockholders or Members.*

No past, present, or future director, officer, employee, incorporator, stockholder or members of either Issuer or any Guarantor, as such, will have any liability for any obligations of either Issuer or any Guarantor under the Notes, this Indenture, the Note Guarantees, the Security Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws, and it is the view of the SEC that such waiver is against public policy.

*Section 13.06 Governing Law.*

THE INTERNAL LAW OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THIS INDENTURE, THE NOTES AND THE NOTE GUARANTEES WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

*Section 13.07 No Adverse Interpretation of Other Agreements.*

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Company or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

*Section 13.08 Successors.*

All agreements of each of the Issuers in this Indenture and the Notes will bind its successors. All agreements of the Trustee and the Collateral Trustee in this Indenture will bind its successors. All agreements of each Guarantor in this Indenture will bind its successors, except as otherwise provided in Section 10.05 hereof.

*Section 13.09 Severability.*

In case any provision in this Indenture or the Notes is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

*Section 13.10 Counterpart Originals.*

The parties may sign any number of copies or counterparts of this Indenture. Each signed copy or counterpart will be an original, but all of them together represent the same agreement.

*Section 13.11 Table of Contents, Headings, etc.*

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and will in no way modify or restrict any of the terms or provisions hereof.

*Section 13.12 Waiver of Jury Trial.*

EACH OF THE ISSUERS, THE GUARANTORS AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES OR THE TRANSACTION CONTEMPLATED HEREBY.

*Section 13.13 Force Majeure.*

In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities or communications services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

[Signatures on following page]

IN WITNESS HEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

TV ONE, LLC, as Issuer

By:

Name:  
Title:

TV ONE CAPITAL CORP., as Co-Issuer

By:

Name:  
Title:

U.S. BANK NATIONAL ASSOCIATION, as Trustee and Collateral Trustee

By:

Name:  
Title:

*Signature Page to Indenture*

[Face of Note]

CUSIP/CINS \_\_\_\_\_

10% Senior Secured Notes due 2016

No. \_\_\_ \$ \_\_\_\_\_\*

TV One, LLC  
TV One Capital Corp.

promise to pay to \_\_\_\_\_ or registered assigns,

the principal sum of \_\_\_\_\_ DOLLARS on \_\_\_\_\_, 20\_\_.

Interest Payment Dates: the fifteenth (15th) day of each month; *provided*, that in the event of a Semiannual Interest Payment Election, the Interest Payment Dates shall be determined as set forth in Paragraph 1 of this Note

Record Dates: the first (1st) day of each month, *provided*, that in the event of a Semiannual Interest Payment Election, the record dates shall be determined as set forth in Paragraph 2 of this Note

Dated: \_\_\_\_\_, 20\_\_

TV ONE, LLC, as Issuer

By:

Name:  
Title:

TV ONE CAPITAL CORP., as Co-Issuer

By:

Name:  
Title:

This is one of the Notes referred to  
in the within-mentioned Indenture:

U.S. Bank National Association, as Trustee

By:

Authorized Signatory

[Back of Note]  
10% Senior Secured Notes due 2016

[Insert the Global Security Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Private Placement Legend, if applicable pursuant to the provisions of the Indenture]

Capitalized terms used herein have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

(1) *INTEREST.* TV One, LLC, a Delaware limited liability Company (the “*Company*”), TV One Capital Corp., a Delaware corporation (“*Capital Corp.*”, and together with the Company, the “*Issuers*”), promise to pay or cause to be paid interest on the principal amount of this Note at 10.00% per annum. The Issuers will pay interest, if any, monthly in arrears on the fifteenth (15th) day of each month of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each, a “*Monthly Interest Payment Date*”); *provided* that the Issuers may make a one-time election (a “*Semiannual Interest Payment Election*”) to pay interest, if any, semiannually in arrears on the six-month anniversaries of the Monthly Interest Payment Date immediately preceding the date of the Semiannual Interest Payment Election, or if any such day is not a Business Day, on the next succeeding Business Day (each, a “*Semiannual Interest Payment Date*” and together with a Monthly Interest Payment Date, an “*Interest Payment Date*”). Interest on the Notes will accrue from the most recent date on which interest has been paid or, if no interest has been paid, from the date of issuance; *provided* that, if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; *provided further* that the first Interest Payment Date shall be March 15, 2011. The Issuers will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at a rate that is 1% higher than the then applicable interest rate on the Notes to the extent lawful; they will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest, if any (without regard to any applicable grace period), at a rate that is 1% higher than the then applicable interest rate on the Notes to the extent lawful.

The Issuers may make a one-time Semiannual Interest Payment Election at any time prior to the beginning of the interest period that begins immediately prior to the Stated Maturity of this Note by delivering a written notice to the Trustee and the Holders.

Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

(2) *METHOD OF PAYMENT.* The Issuers will pay interest on the Notes (except defaulted interest), if any, to the Persons who are registered Holders of Notes at the close of business on the first (1st) day of the month containing each Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium, if any, and interest, if any, at the office or agency of the Paying Agent and Registrar within the City and State of New York, or, at the option of the Issuers, payment of interest, if any, may be made by check mailed to the Holders at their addresses set forth in the register of Holders; *provided* that payment by wire transfer of immediately available funds will be required with respect to principal of, premium on, if any, and interest, if any, on all Global Notes and all other Notes the Holders of which will have provided wire transfer instructions to the Issuers or the Paying Agent. Such payment will be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

(3) *PAYING AGENT AND REGISTRAR.* Initially, U.S. Bank National Association, the Trustee under the Indenture, will act as Paying Agent and Registrar. The Issuers may change the Paying Agent or Registrar without prior notice to the Holders of the Notes. The Issuers or any of their Subsidiaries may act as Paying Agent or Registrar.

(4) *INDENTURE AND SECURITY DOCUMENTS.* The Issuers issued the Notes under an Indenture, dated as of February 25, 2011 (the “*Indenture*”), by and among the Issuers, the guarantors party thereto, the Trustee and U.S. Bank National Association, as Collateral Trustee. The terms of the Notes include those stated in the Indenture. The Notes are subject to all such terms, and Holders are referred to the Indenture for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Notes are secured obligations of the Issuers. The Notes are secured by substantially all the assets of the Issuers and the Guarantors pursuant to and as further described in the Security Documents referred to in the Indenture. Subject to Sections 2.02, 2.13, 4.09 and 4.12 thereof, the Indenture does not limit the aggregate principal amount of Notes that may be issued thereunder.



(5) *OPTIONAL REDEMPTION.*

(a) At any time prior to March 15, 2013 the Issuers may, at their joint option, on any one or more occasions redeem up to 35% of the aggregate principal amount of their respective Notes issued under the Indenture, upon not less than thirty (30) nor more than sixty (60) days' notice, at a redemption price equal to 110% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to the date of redemption (subject to the rights of Holders of Notes on the relevant record date to receive interest on the relevant interest payment date) with the net cash proceeds of an Equity Offering by the Company; *provided* that:

(A) at least 65% of the aggregate principal amount of Notes originally issued under the Indenture (excluding Notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(B) the redemption occurs within sixty (60) days of the date of the closing of such Equity Offering.

(b) At any time prior to March 15, 2013, the Issuers may, at their joint option, on any one or more occasions redeem all or a part of the Notes, upon not less than thirty (30) nor more than sixty (60) days' notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest to the date of redemption, subject to the rights of Holders on the relevant record date to receive interest due on the relevant interest payment date.

(c) On or after March 15, 2013, the Issuers may, at their joint option, on any one or more occasions redeem all or a part of the Notes, upon not less than thirty (30) nor more than sixty (60) days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest on the Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on March 15 of the years indicated below, subject to the rights of Holders on the relevant record date to receive interest on the relevant interest payment date:

Year	Percentage
2013	105.000%
2014	102.500%
2015 and thereafter	100.000%

(d) *Special Redemption.* If at any time on or prior to December 31, 2011, the Company determines in good faith that all of the net proceeds from the issuance and sale of the Notes (the "Available Proceeds") will not be used to repurchase Equity Interests of the Company, the Company may, at its option, elect to use the remaining Available Proceeds to redeem an aggregate principal amount of the Notes equal to the lesser of (i) \$50 million and (ii) the aggregate amount of remaining Available Proceeds, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus accrued and unpaid interest thereon, if any, to the date of redemption.

Unless the Issuers default in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

(6) *[RESERVED]*

(7) *[RESERVED]*

(8) *REPURCHASE AT THE OPTION OF HOLDER.*

(a) If a Change of Control occurs, each Holder will have the right to require the Issuers to jointly repurchase all or any part of that Holder's Notes pursuant to Section 4.15 of the Indenture (a "*Change of Control Offer*"). Any such repurchase of the Notes shall include the Notes on a pro rata basis based on the aggregate principal amount of the Notes outstanding at the time of repurchase. In the Change of Control Offer, the Issuers will jointly offer the Holders a purchase price in cash equal to 101% of the aggregate principal amount of Notes, plus accrued and unpaid interest, if any, on the Notes repurchased to the date of purchase, subject to the rights of Holders on the relevant record date to receive interest due on the relevant Interest Payment Date. Within fifteen (15) days following any Change of Control, the Issuers will mail a notice to each Holder setting forth the procedures governing the Change of Control Offer as required by the Indenture.

(b) Following the occurrence of certain Asset Sales, the Issuers may be required to offer to repurchase the Notes and other Parity Lien Debt containing similar provisions to those set forth in the Indenture with respect to offers to purchase, prepay or redeem with the proceeds of sales of assets as required by the Indenture.

(c) *[Reserved]*

(9) *NOTICE OF REDEMPTION.* At least thirty (30) days but not more than sixty (60) days before a redemption date, the Issuers will mail or cause to be mailed, by first class mail, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than sixty (60) days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture pursuant to Articles 8 or 11 thereof. Notes and portions of Notes selected will be in amounts of \$2,000 or whole multiples of \$1,000 in excess thereof; except that if all of the Notes of a Holder are to be redeemed or purchased, the entire outstanding amount of Notes held by such Holder shall be redeemed or purchased. On or after the redemption dates, interest ceases to accrue on the Notes or portions thereof cancelled for redemption.

(10) *DENOMINATIONS, TRANSFER, EXCHANGE.* The Notes are in registered form in denominations of \$2,000.00 and integral multiples of \$1,000 in excess thereof. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Issuers may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Issuers need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Issuers need not exchange or register the transfer of any Notes for a period of fifteen (15) days before a selection of Notes to be redeemed or during the period between a record date and the next succeeding interest payment date.

(11) *PERSONS DEEMED OWNERS.* The registered Holder of a Note may be treated as the owner of it for all purposes. Only registered Holders have rights under the Indenture.

(12) *AMENDMENT, SUPPLEMENT AND WAIVER.* Subject to the exceptions set forth in Section 9.02 of the Indenture, the Indenture, the Notes, the Note Guarantees or the Security Documents may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes (including Additional Securities, if any), voting as a single class, and, subject to Section 6.04 and 6.07 of the Indenture, any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes or the Note Guarantees may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including Additional Securities, if any), voting as a single class. Without the consent of any Holder of Notes, the Indenture, the Notes, the Note Guarantees or the Security Documents may be amended or supplemented as set forth in Section 9.01 of the Indenture.

(13) *DEFAULTS AND REMEDIES.* The Notes are subject to the Defaults and Event of Defaults set forth in Section 6.01 of the Indenture. The Holders of a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may, on behalf of all the Holders, rescind an acceleration or waive an existing Default or Event of Default and its respective consequences under the Indenture except a continuing Default or Event of Default in the payment of principal of, premium on, if any, or interest, if any, on, the Notes (including in connection with an offer to purchase). The Issuers are required to deliver to the Trustee annually a statement regarding compliance with the Indenture pursuant to Section 4.04, and the Issuers are required, upon becoming aware of any Default or Event of Default, to deliver to the Trustee a statement specifying such Default or Event of Default.

(14) *TRUSTEE DEALINGS WITH COMPANY.* The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not the Trustee.

(15) *NO RECOURSE AGAINST OTHERS.* No director, officer, employee, incorporator, stockholder or member of the Issuers or any Guarantor, as such, will have any liability for any obligations of the Issuers or the Guarantors under the Notes, the Indenture, the Note Guarantees, the Security Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

(16) *AUTHENTICATION.* This Note will not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

(17) *ABBREVIATIONS.* Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

(18) *CUSIP NUMBERS.* Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Issuers have caused CUSIP numbers to be printed on the Notes, and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption, and reliance may be placed only on the other identification numbers placed thereon.

(19) *GOVERNING LAW.* THE INTERNAL LAW OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THE INDENTURE, THIS NOTE AND THE NOTE GUARANTEES WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

The Issuers will furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to:

TV One, LLC  
1010 Wayne Avenue  
Silver Spring, MD 20910  
Attention: Ms. Karen Wishart  
EVP, Chief Legal Officer

ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to:

(Insert assignee's legal name)

(Insert assignee's soc. sec. or tax I.D. no.)

(Print or type assignee's name, address and zip code)

and irrevocably appoint

to transfer this Note on the books of the Issuers. The agent may substitute another to act for him.

Date: \_\_\_\_\_

Your Signature:

(Sign exactly as your name appears on the face of this Note)

Signature Guarantee\*: \_\_\_\_\_

\* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Issuers pursuant to Section 4.10, Section 4.15 or Section 4.20 of the Indenture, check the appropriate box below:

Section 4.10

Section 4.15

Section 4.20

If you want to elect to have only part of the Note purchased by the Issuers pursuant to Section 4.10, Section 4.15 or Section 4.20 of the Indenture, state the amount you elect to have purchased:

\$ \_\_\_\_\_

Date: \_\_\_\_\_

Your Signature:

(Sign exactly as your name appears on the face of this Note)

Tax Identification No.:

Signature Guarantee\*: \_\_\_\_\_

\* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

Date of Exchange	Amount of decrease in Principal Amount at maturity of this Global Note	Amount of increase in Principal Amount at maturity of this Global Note	Principal Amount at maturity of this Global Note following such decrease (or increase)	Signature of authorized officer of Trustee or Custodian
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## FORM OF CERTIFICATE OF TRANSFER

TV One, LLC  
 1010 Wayne Avenue  
 Silver Spring, MD 20910  
 Attention: Ms. Karen Wishart  
 EVP, Chief Legal Officer

U.S. Bank National Association - Corporate Trust Services

150 Fourth Avenue North, 2nd Floor

Nashville, TN 37219

Attention: Wally Jones

Re: 10% Senior Secured Notes due 2016 of TV One, LLC

Reference is hereby made to the Indenture, dated as of February 25, 2011 (the "*Indenture*"), by and among the TV One, LLC, a Delaware limited liability Company (the "*Company*"), TV One Capital Corp., a Delaware corporation ("*Capital Corp.*"), and together with the Company, the "*Issuers*"), the guarantors party thereto, U.S. Bank National Association, as Trustee and as Collateral Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

\_\_\_\_\_ (the "*Transferor*") owns and proposes to transfer the Securit[y][ies] or interest in such Securit[y][ies] specified in Annex A hereto, in [in the amount of ][the principal amount of \$\_\_\_\_\_] in such Securit[y][ies] or interests (the "*Transfer*"), to \_\_\_\_\_ (the "*Transferee*"), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. " **Check if Transferee will take delivery of a beneficial interest in the 144A Global Security or a Restricted Definitive Security pursuant to Rule 144A.** The Transfer is being effected pursuant to and in accordance with Rule 144A under the Securities Act of 1933, as amended (the "*Securities Act*"), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Security is being transferred to a Person that the Transferor reasonably believes is purchasing the beneficial interest or Definitive Security for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A, and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Security will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the 144A Global Security and/or the Restricted Definitive Security and in the Indenture and the Securities Act.

2. " **Check if Transferee will take delivery of a beneficial interest in the Regulation S Global Security or a Restricted Definitive Security pursuant to Regulation S.** The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a Person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act, (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) if the proposed transfer is being made prior to the expiration of the Restricted Period, the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than an initial purchaser). Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Security will be subject to the restrictions on Transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Security and in the Indenture and the Securities Act.

3. **Check and complete if Transferee will take delivery of a beneficial interest in the IAI Global Security or a Restricted Definitive Security pursuant to any provision of the Securities Act other than Rule 144A or Regulation S.** The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Securities and Restricted Definitive Securities and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

- (a)  such Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act; or
- (b)  such Transfer is being effected to the Company or a subsidiary thereof; or
- (c)  such Transfer is being effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act; or
- (d)  such Transfer is being effected to an Institutional Accredited Investor and pursuant to an exemption from the registration requirements of the Securities Act other than Rule 144A, Rule 144, Rule 903 or Rule 904, and the Transferor hereby further certifies that it has not engaged in any general solicitation within the meaning of Regulation D under the Securities Act and the Transfer complies with the transfer restrictions applicable to beneficial interests in a Restricted Global Security or Restricted Definitive Securities and the requirements of the exemption claimed, which certification is supported by (1) a certificate executed by the Transferee in the form of Exhibit D to the Indenture and (2) if such Transfer is in respect of a principal amount of Securities at the time of transfer of less than \$250,000, an Opinion of Counsel provided by the Transferor or the Transferee (a copy of which the Transferor has attached to this certification), to the effect that such Transfer is in compliance with the Securities Act. Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Security will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the IAI Global Security and/or the Restricted Definitive Securities and in the Indenture and the Securities Act.

4. **Check if Transferee will take delivery of a beneficial interest in an Unrestricted Global Security or of an Unrestricted Definitive Security.**

(a) **Check if Transfer is pursuant to Rule 144.** (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Security will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Securities, on Restricted Definitive Securities and in the Indenture.

(b) **Check if Transfer is Pursuant to Regulation S.** (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Security will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Securities, on Restricted Definitive Securities and in the Indenture.

(c) **Check if Transfer is Pursuant to Other Exemption.** (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Security will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Securities or Restricted Definitive Securities and in the Indenture.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuers.

[Insert Name of Transferor]

By:

Name:

Title:

Dated: \_\_\_\_\_



ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

(a) " a beneficial interest in the:

- (i) " 144A Global Security (CUSIP \_\_\_\_\_), or
- (ii) " Regulation S Global Security (CUSIP \_\_\_\_\_), or
- (iii) " IAI Global Security (CUSIP \_\_\_\_\_); or

(b) " a Restricted Definitive Security.

2. After the Transfer the Transferee will hold:

[CHECK ONE]

(a) " a beneficial interest in the:

- (i) " 144A Global Security (CUSIP \_\_\_\_\_), or
- (ii) " Regulation S Global Security (CUSIP \_\_\_\_\_), or
- (iii) " IAI Global Security (CUSIP \_\_\_\_\_); or
- (iv) " Unrestricted Global Security (CUSIP \_\_\_\_\_); or

(b) " a Restricted Definitive Security; or

(c) " an Unrestricted Definitive Security,

in accordance with the terms of the Indenture.

## FORM OF CERTIFICATE OF EXCHANGE

TV One, LLC  
 1010 Wayne Avenue  
 Silver Spring, MD 20910  
 Attention: Ms. Karen Wishart  
 EVP, Chief Legal Officer

U.S. Bank National Association - Corporate Trust Services

150 Fourth Avenue North, 2nd Floor

Nashville, TN 37219

Attention: Wally Jones

Re: 10% Senior Secured Notes due 2016 of TV One, LLC

(CUSIP [     ])

Reference is hereby made to the Indenture, dated as of February 25, 2011 (the “*Indenture*”), by and among the TV One, LLC, a Delaware limited liability Company (the “*Company*”), TV One Capital Corp., a Delaware corporation (“*Capital Corp.*”, and together with the Company, the “*Issuers*”), the guarantors party thereto, U.S. Bank National Association, as Trustee and Collateral Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

\_\_\_\_\_, (the “*Owner*”) owns and proposes to exchange the Securit[y][ies] or interest in such Securit[y][ies] specified herein, in [the amount of ]/[the principal amount of \$\_\_\_\_\_] in such Securit[y][ies] or interests (the “*Exchange*”). In connection with the Exchange, the Owner hereby certifies that:

1. **Exchange of Restricted Definitive Securities or Beneficial Interests in a Restricted Global Securities for Unrestricted Definitive Securities or Beneficial Interests in an Unrestricted Global Security**

(a) “ **Check if Exchange is from beneficial interest in a Restricted Global Security to beneficial interest in an Unrestricted Global Security.** In connection with the Exchange of the Owner’s beneficial interest in a Restricted Global Security for a beneficial interest in an Unrestricted Global Security in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Securities and pursuant to and in accordance with the Securities Act of 1933, as amended (the “*Securities Act*”), (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Security is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(b) “ **Check if Exchange is from beneficial interest in a Restricted Global Security to Unrestricted Definitive Security.** In connection with the Exchange of the Owner’s beneficial interest in a Restricted Global Security for an Unrestricted Definitive Security, the Owner hereby certifies (i) the Definitive Security is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Securities and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Definitive Security is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(c) “ **Check if Exchange is from Restricted Definitive Security to beneficial interest in an Unrestricted Global Security.** In connection with the Owner’s Exchange of a Restricted Definitive Security for a beneficial interest in an Unrestricted Global Security, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Securities and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(d) “ **Check if Exchange is from Restricted Definitive Security to Unrestricted Definitive Security.** In connection with the Owner’s Exchange of a Restricted Definitive Security for an Unrestricted Definitive Security, the Owner hereby certifies (i) the Unrestricted Definitive Security is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Securities and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Definitive Security is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

2. **Exchange of Restricted Definitive Securities or Beneficial Interests in Restricted Global Securities for Restricted Definitive Securities or Beneficial Interests in Restricted Global Securities**

(a) **Check if Exchange is from beneficial interest in a Restricted Global Security to Restricted Definitive Security.** In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Security for a Restricted Definitive Security with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Security is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Definitive Security issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Security and in the Indenture and the Securities Act.

(b) **Check if Exchange is from Restricted Definitive Security to beneficial interest in a Restricted Global Security.** In connection with the Exchange of the Owner's Restricted Definitive Security for a beneficial interest in the [CHECK ONE] " 144A Global Security, " Regulation S Global Security, " IAI Global Security with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Securities and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Security and in the Indenture and the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuers.

[Insert Name of Transferor]

By:

Name:

Title:

Dated: \_\_\_\_\_



3. We understand that, on any proposed resale of the Securities or beneficial interest therein, we will be required to furnish to the Registrar and the Issuers such certifications, legal opinions and other information as the Registrar and the Issuers may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. We further understand that the Securities purchased by us will bear a legend to the foregoing effect.

4. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Securities, and we and any accounts for which we are acting are each able to bear the economic risk of our or its investment.

5. We are acquiring the Securities or beneficial interest therein purchased by us for our own account or for one or more accounts (each of which is an institutional "accredited investor") as to each of which we exercise sole investment discretion.

The Registrar and the Issuers are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

[Insert Name of Accredited Investor]

By:

Name:

Title:

Dated: \_\_\_\_\_

## [FORM OF NOTATION OF GUARANTEE]

For value received, each Guarantor (which term includes any successor Person under the Indenture) has, jointly and severally, unconditionally guaranteed, to the extent set forth in the Indenture and subject to the provisions in the Indenture, dated as of February 25, 2011 (the "*Indenture*"), by and among the TV One, LLC, a Delaware limited liability Company (the "*Company*"), TV One Capital Corp., a Delaware corporation ("*Capital Corp.*," and together with the Company, the "*Issuers*"), the guarantors party thereto, U.S. Bank National Association, as Trustee and Collateral Trustee, (a) the due and punctual payment of the principal of, premium on, if any, interest, if any, on the Notes, whether at maturity, by acceleration, redemption or otherwise, the due and punctual payment of interest on overdue principal of, premium on, if any, interest, if any, on the Notes, if any, if lawful, and the due and punctual performance of all other obligations of the Issuers to the Holders or the Trustee all in accordance with the terms of the Indenture and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. The obligations of the Guarantors to the Holders of Notes and to the Trustee pursuant to the Note Guarantee and the Indenture are expressly set forth in Article 10 of the Indenture and reference is hereby made to the Indenture for the precise terms of the Note Guarantee.

[SIGNATURE PAGE TO FOLLOW]

Capitalized terms used but not defined herein have the meanings given to them in the Indenture.

[       ]

as Guarantors

By: \_\_\_\_\_

Name:

Title:

## [FORM OF SUPPLEMENTAL INDENTURE

## TO BE DELIVERED BY SUBSEQUENT GUARANTORS]

SUPPLEMENTAL INDENTURE (this “*Supplemental Indenture*”), dated as of \_\_\_\_\_, among \_\_\_\_\_ (the “*Guaranteeing Subsidiary*”), a subsidiary of [ ] (or its permitted successor), a [ ] corporation (the “*Company*”), the Company, the other Guarantors (as defined in the Indenture referred to herein) and U.S. Bank National Association, as trustee under the Indenture referred to below (the “*Trustee*”) and Collateral Trustee.

## WITNESSETH

WHEREAS, the Issuers have heretofore executed and delivered to the Trustee an indenture (the “*Indenture*”), dated as of February 25, 2011, providing for the issuance of \$119,000,000 aggregate principal amount of 10% Senior Secured Notes due 2016 (the “*Notes*”) of TV One, LLC and TV One Capital Corp.;

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiary shall unconditionally guarantee all of the Issuers’ Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the “*Note Guarantee*”); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guaranteeing Subsidiary and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.
2. AGREEMENT TO GUARANTEE. The Guaranteeing Subsidiary hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Note Guarantee and in the Indenture including but not limited to Article 10 thereof.
4. NO RECOURSE AGAINST OTHERS. No past, present or future director, officer, employee, incorporator or stockholder or agent of the Issuers or any Guarantor, as such, shall have any liability for any obligations of either Issuer or the Guarantors under the Notes, this Indenture, the Note Guarantees or any Supplemental Indenture for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.
5. NEW YORK LAW TO GOVERN. THE INTERNAL LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.
6. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.
7. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.
8. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary and the Issuers.



IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

Dated: \_\_\_\_\_,

[GUARANTEEING SUBSIDIARY]

By: \_\_\_\_\_

Name:

Title:

U.S. Bank National Association, as Trustee and Collateral Trustee

By:

Name:

Title:

Ex 4.20 F - 3

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**SUBSIDIARIES OF RADIO ONE, INC.  
As of December 31, 2010**

Radio One Licenses, LLC, a Delaware limited liability company, is a restricted subsidiary of Radio One, Inc. and is the licensee of the following stations:

KBFB-FM	WFXC-FM	WNNL-FM	WRNB-FM
KBXX-FM	WFXK-FM	WOL-AM	WTPS-AM
KMJQ-FM	WHHL-FM	WOLB-AM	WWIN-AM
KROI-FM	WHTA-FM	WPHI-FM	WWIN-FM
KSOC-FM	WKJM-FM	WPPZ-FM	WYCB-AM
WCDX-FM	WKJS-FM	WPRS-FM	
WERQ-FM	WKYS-FM	WPZZ-FM	
WFUN-FM	WMMJ-FM	WQOK-FM	

Bell Broadcasting Company (“Bell”), a Michigan corporation, is a wholly owned restricted subsidiary of Radio One, Inc. Radio One of Detroit, LLC (“Radio One of Detroit”) is a Delaware limited liability company, the sole member of which is Bell. Radio One of Detroit is the licensee of the following stations:

WCHB-AM	WDMK-FM	WHTD-FM
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Radio One of Atlanta, LLC (“ROA”), a Delaware limited liability company, is a restricted subsidiary of Radio One, Inc. ROA Licenses, LLC (“ROA Licenses”) is a Delaware limited liability company, the sole member of which is ROA. ROA Licenses is the licensee of the following stations:

WAMJ-FM  
WUMJ-FM

Radio One of Charlotte, LLC (“Radio One of Charlotte”), a Delaware limited liability company, the sole member of which is Radio One, Inc., is a restricted subsidiary of Radio One, Inc.

Charlotte Broadcasting, LLC (“Charlotte Broadcasting”) is a Delaware limited liability company, the sole member of which is Radio One of Charlotte. Radio One of North Carolina, LLC (“Radio One of North Carolina”) is a Delaware limited liability company, the sole member of which is Charlotte Broadcasting. Radio One of North Carolina is the licensee of the following stations:

WPZS-FM  
WQNC-FM

Radio One of Boston, Inc. (“Radio One of Boston”), a Delaware corporation, is a wholly owned restricted subsidiary of Radio One, Inc. Radio One of Boston Licenses, LLC (“Boston Licenses”) is a Delaware limited liability company, the sole member of which is Radio One of Boston. Boston Licenses is the licensee of the following station:

WILD-AM

Blue Chip Broadcasting, Ltd. (“BCB Ltd.”), an Ohio limited liability company, the sole member of which is Radio One, Inc., and which is a restricted subsidiary of Radio One, Inc. Blue Chip Broadcasting Licenses, Ltd. (BC Licenses”) is an Ohio limited liability company, the sole member of which is BCB Ltd. BC Licenses is the licensee of the following stations:

WIZF-FM	WMOJ-FM	WDBZ-AM
WJYD-FM	WCKX-FM	WXMG-FM
WERE-AM	WJMO-AM	WZAK-FM
WENZ-FM		

Hawes-Saunders Broadcast Properties, Inc. (“HSBP”) is a wholly owned restricted subsidiary of Blue Chip Broadcasting, Ltd.

Radio One of Texas II, LLC, a Delaware limited liability company, the sole member of which is Radio One, Inc., and it is a restricted subsidiary of Radio One, Inc.

Radio One of Indiana, L.P. is a Delaware limited partnership. Radio One, Inc. is the general partner and 99% owner of Radio One of Indiana, L.P. Radio One of Texas II, LLC is the limited partner and 1% owner of Radio One of Indiana, L.P. Radio One of Indiana, LLC is a Delaware limited liability company, the sole member of which is Radio One of Indiana, L.P. Radio One of Indiana, LLC is the licensee of the following stations:

WDNI-CD  
WTLC-FM

WHHH-FM  
WNOU-FM

WTLC-AM

Satellite One, LLC is a Delaware limited liability company, the sole member of which is Radio One, Inc.

New Mableton Broadcasting Corporation, a Delaware corporation, is a wholly owned subsidiary of Radio One, Inc. and is the licensee of the following station:

WPZE-FM

Radio One Cable Holdings, Inc., a Delaware corporation, is a wholly owned subsidiary of Radio One, Inc. Radio One Cable Holdings, Inc. holds a 36% interest in TV One, LLC, a Delaware limited liability company.

Radio One Media Holdings, LLC is a Delaware limited liability company, the sole member of which is Radio One, Inc.

Reach Media, Inc. is a Texas corporation. Radio One, Inc. owns 53% of the common stock of Reach Media, Inc.

Radio One Distribution Holdings, LLC is a Delaware limited liability company, the sole member of which is Radio One, Inc.

Distribution One, LLC is a Delaware limited liability company, the sole member of which is Radio One Distribution Holdings, LLC.

Interactive One, Inc., a Delaware corporation, is a wholly owned subsidiary of Radio One, Inc. and the sole member of Interactive One, LLC.

Interactive One, LLC, is a Delaware limited liability company, the sole member of which is Interactive One, Inc.

Community Connect Inc., a Delaware corporation, is a wholly owned subsidiary of Radio One, Inc. and the sole member of Community Connect, LLC.

Community Connect, LLC, is a Delaware limited liability company, the sole member of which is Community Connect Inc.

## Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

**Registration Statements on Form S-3**

<u>Registration Number</u>	<u>Date Filed</u>
333-47762	October 11, 2000
333-58436	April 6, 2001
333-81622	January 29, 2002

**Registration Statements on Form S-4**

<u>Registration Number</u>	<u>Date Filed</u>
333-65278	July 17, 2001
333-127528	August 5, 2005
333-172123	February 9, 2011

**Registration Statements on Form S-8**

<u>Name</u>	<u>Registration Number</u>	<u>Date Filed</u>
1999 Stock Option and Restricted Stock Plan	333-78123	May 10, 1999
1999 Stock Option and Restricted Stock Plan	333-42342	July 27, 2000
1999 Stock Option and Restricted Stock Plan	333-62718	June 11, 2001
1999 Stock Option and Restricted Stock Plan	333-100711	October 24, 2002
Amended and Restated 1999 Stock Option and Restricted Stock Plan	333-116805	June 24, 2004
2009 Stock Option and Restricted Stock Plan	333-164354	January 15, 2010

of our report dated March 16, 2011, with respect to the consolidated financial statements and schedule of Radio One, Inc. and subsidiaries, included in this Annual Report (Form 10-K) for the year ended December 31, 2010.

/s/ Ernst & Young LLP

Baltimore, Maryland  
March 16, 2011

I, Alfred C. Liggins, III, certify that:

1. I have reviewed this annual report on Form 10-K of Radio One, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of this report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2011

By: /s/ Alfred C. Liggins, III  
Alfred C. Liggins, III  
President and Chief Executive Officer

I, Peter D. Thompson, certify that:

1. I have reviewed this annual report on Form 10-K of Radio One, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of this report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2011

By: /s/ Peter D. Thompson  
Peter D. Thompson  
Executive Vice President, Chief Financial Officer and Principal Accounting  
Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

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

- (i) the accompanying Annual Report on Form 10-K of the Company for the year ended December 31, 2010 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 16, 2011

By: /s/ Alfred C. Liggins, III

Name: Alfred C. Liggins, III

Title: President and Chief Executive Officer

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



**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

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

- (i) the accompanying Annual Report on Form 10-K of the Company for the year ended December 31, 2010 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 16, 2011

By: /s/ Peter D. Thompson

Name: Peter D. Thompson

Title: Executive Vice President, Chief Financial Officer and Principal Accounting Officer

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