

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **2001-08-03** | Period of Report: **2001-08-03**  
SEC Accession No. **0000928385-01-501389**

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FILER

**RADIO ONE INC**

CIK: **1041657** | IRS No.: **521166660** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **000-25969** | Film No.: **1697641**  
SIC: **4832** Radio broadcasting stations

Mailing Address  
5900 PRINCESS GARDEN  
PARKWAY  
8TH FL  
LANHAM MD 20706

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5900 PRINCESS GARDEN  
PARKWAY  
8TH FL  
LANHAM MD 20706  
3013061111

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K  
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): August 3, 2001

Radio One, Inc.  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

<TABLE>  
<S> DELAWARE 333-30795 52-1166660  
(State or other jurisdiction of incorporation) (Commission File Number) (IRS Employer Identification No.)  
</TABLE>

5900 PRINCESS GARDEN PARKWAY  
7/TH/ FLOOR  
LANHAM, MARYLAND 20706  
(Address of Principal Executive Offices, including Zip Code)  
  
(301) 306-1111  
(Registrant's Telephone Number, Including Area Code)

Item 5. Other Events.

On August 2, 2001, the Company issued (i) the press release attached hereto as Exhibit 99.1 to announce its results for the second quarter of 2001, (ii) the press release attached hereto as Exhibit 99.2 to announce its updated guidance for the third quarter of 2001, and (iii) the press release attached hereto as Exhibit 99.3 to announce its agreement to operate WAMJ-FM (formerly WAVE-FM), a station under construction which will be introduced to the Atlanta market.

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EXHIBIT NUMBER	DESCRIPTION
99.1	Press release dated August 2, 2001: Radio One, Inc. Reports Record Results for its Second Quarter of 2001
99.2	Press release dated August 2, 2001: Radio One, Inc. Updated Guidance for the Third Quarter of 2001
99.3	Press release dated August 2, 2001: Radio One, Inc. To Operate Fourth Station in Atlanta

SIGNATURES

According to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on August 3, 2001.

RADIO ONE, INC.

/s/ Scott R. Royster

-----  
By: Scott R. Royster  
Its: Executive Vice President and  
Chief Financial Officer  
(Principal Accounting Officer)

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NEWS RELEASE  
 August 2, 2001  
 FOR IMMEDIATE RELEASE  
 Washington, DC

Contact: Scott R. Royster, Chief Financial Officer  
 (301) 429-2642

RADIO ONE, INC. REPORTS RECORD RESULTS FOR ITS SECOND QUARTER OF 2001

Same Station Net Revenue Increases 4%  
 Same Station Broadcast Cash Flow Increases 12%  
 After-Tax Cash Flow of \$0.16 per share

Company Achieves Highest Quarterly  
 Revenue and BCF in its History

Washington, DC: - Radio One, Inc. (NASDAQ: ROIAK and ROIA) today reported record

results for the quarter ended June 30, 2001. Net broadcast revenue was \$62.3 million, up 91% from the same period in 2001. Broadcast cash flow was \$34.0 million, an increase of 106% from the same period in 2001 while the broadcast cash flow margin improved to 54.7% from 50.4%. After-tax cash flow was \$14.0 million or \$0.16 cents per share.

On a same station basis the Company's net broadcast revenue increased 4% and broadcast cash flow increased 12% from last year while the broadcast cash flow margin improved to 54.4% from 50.4% in the previous year's second quarter.

Alfred C. Liggins, III, the Company's CEO and President stated, "Despite the very weak advertising market and the very difficult comparables from last year's second quarter, we are pleased to report that we were able to meet the consensus after-tax cash flow per share estimates for the quarter. We have been growing significantly faster than the radio industry overall and expect this to persist in the second half of 2001 as our ratings strength continues to provide us with positive momentum. Further, with the Blue Chip acquisition expected to close by August 15, we believe the upside in our portfolio of stations will be enhanced in the upcoming quarters."

For the year-to-date period ending June 30, 2001, net broadcast revenue was \$110.2 million, up 101% from the same period in 2001. Broadcast cash flow was \$56.0 million, an increase of 115% from the same period in 2001 while the broadcast cash flow margin improved to 50.8% from 47.6%. After-tax cash flow was \$16.0 million or \$0.18 cents per share.

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PAGE 2 -- RADIO ONE, INC. REPORTS RECORD SECOND QUARTER RESULTS

RESULTS OF OPERATIONS

Comparison of periods ended June 30, 2001 to the periods ended June 30, 2000  
 (all periods are unaudited - all numbers in 000s except per share data).

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 STATEMENT OF OPERATIONS DATA:

REVENUE:

	Three months ended June 30, 2001	Three months ended June 30, 2000	Six months ended June 30, 2001	Six months ended June 30, 2000
Broadcast revenue	\$70,930	\$ 37,231	\$125,203	\$ 62,355
Less: Agency commissions	8,645	4,588	14,993	7,560
Net broadcast revenue	62,285	32,643	110,210	54,795

OPERATING EXPENSES:				
Programming and technical	9,151	4,697	18,007	8,937
Selling, G&A	19,090	11,492	36,206	19,791
Corporate expenses	1,683	1,282	3,523	2,400
Non-cash compensation	237	-	475	-
Depreciation & amortization	30,851	7,182	62,375	12,671
<b>Total operating expenses</b>	<b>61,012</b>	<b>24,653</b>	<b>120,586</b>	<b>43,799</b>
<b>Operating income (loss)</b>	<b>1,273</b>	<b>7,990</b>	<b>(10,376)</b>	<b>10,996</b>
INTEREST EXPENSE	14,717	3,665	30,418	7,247
GAIN ON SALE OF INVESTMENT	-	-	4,272	-
OTHER (EXPENSE) INCOME, net	(596)	5,470	-	9,707
(Loss) income before (benefit) provision for income taxes	(14,040)	9,795	(36,522)	13,456
(BENEFIT) PROVISION FOR INCOME TAXES	(4,633)	4,218	(11,942)	5,818
Net (loss) income before extraordinary item	(9,407)	5,577	(24,580)	7,638
EXTRAORDINARY LOSS ON DEBT RETIREMENT, net of tax	5,207	-	5,207	-
Net (loss) income	\$ (14,614)	\$ 5,577	\$ (29,787)	\$ 7,638
Net (loss) income applicable to common stockholders	\$ (19,646)	\$ 5,577	\$ (39,857)	\$ 7,638

</TABLE>

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PAGE 3 -- RADIO ONE, INC. REPORTS RECORD SECOND QUARTER RESULTS

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	Three months ended June 30, 2001	Three months ended June 30, 2000	Six months ended June 30, 2001	Six months ended June 30, 2000
<S>	<C>	<C>	<C>	<C>
BASIC PER SHARE DATA (d):				
Net (loss) income per share before extraordinary loss applicable to common shareholders	\$ (0.16)	\$ 0.07	\$ (0.40)	\$ 0.09
Net (loss) income per share applicable to common shareholders	(0.22)	0.07	(0.46)	0.09
After-tax cash flow per share	0.16	0.14	0.18	0.24
DILUTED PER SHARE DATA (e):				
Net (loss) income per share	\$ (0.16)	\$ 0.07	\$ (0.34)	\$ 0.09
Preferred dividends per share	0.06	-	0.11	-
Net (loss) income per share applicable to common shareholders	\$ (0.22)	\$ 0.07	\$ (0.45)	\$ 0.09
After-tax cash flow per share	0.16	0.14	0.18	0.24
OTHER DATA:				
Broadcast cash flow (a)	\$ 34,044	\$ 16,454	\$ 55,997	\$ 26,067
Broadcast cash flow margin (a)	54.7%	50.4%	50.8%	47.6%

EBITDA (b)	\$ 32,361	\$ 15,172	\$ 52,474	\$ 23,667
EBITDA margin (b)	52.0%	46.5%	47.6%	43.2%
After-tax cash flow (c)	\$ 13,963	\$ 12,277	\$ 16,078	\$ 19,726
Capital expenditures	1,189	829	2,840	1,397
SAME STATION RESULTS:				
Net revenue	\$ 34,036	\$ 32,618	\$ 57,239	\$ 54,770
Broadcast cash flow	18,501	16,428	28,798	26,041
Broadcast cash flow margin	54.4%	50.4%	50.3%	47.5%
Weighted average shares outstanding--basic (d)	88,252	84,994	87,532	83,038
Weighted average shares outstanding--diluted (e)	88,917	85,256	88,036	83,316

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	June 30, 2001 (unaudited)	December 31, 2000 (unaudited)
<S>	<C>	<C>
SELECTED BALANCE SHEET DATA:		
Cash and cash equivalents	\$ 9,519	\$ 20,879
Current assets	68,957	78,982
Total assets	1,708,722	1,765,218
Senior debt	350,057	562,588
Subordinated debt	300,000	84,368
Preferred stock (liquidation value)	310,000	310,000
Total shareholders--equity	1,011,373	1,057,069
AFTER-TAX CASH FLOW (c):		
	Q2 -- 2001	Q2 -- 2000
Pre-tax (loss) income	\$ (14,040)	\$ 9,795
Plus: Depreciation, amortization and non-cash compensation	31,088	7,182
Plus: Write-down of investment	1,206	-
Plus: Tax benefit (liability)	250	(4,700)
Plus: Non-cash interest	491	-
Less: Preferred Dividends	5,032	-
TOTAL	\$ 13,963	\$ 12,277

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PAGE 4 -- RADIO ONE, INC. REPORTS RECORD SECOND QUARTER RESULTS

Net broadcast revenue increased to approximately \$62.3 million for the quarter ended June 30, 2001 from approximately \$32.6 million for the quarter ended June 30, 2000 or 91%. Net broadcast revenue increased to approximately \$110.2 million for the six months ended June 30, 2001 from approximately \$54.8 million for the six months ended June 30, 2000 or 101%. These increases in net broadcast revenue were the result of continuing broadcast revenue growth in many of the Company's markets in which it has operated for at least one year as the Company benefited from historical ratings increases at certain of its radio stations. Additional revenue gains were derived primarily from the Company's 2000 acquisition of radio stations from Clear Channel Communications and AMFM.

Operating expenses excluding depreciation, amortization and non-cash compensation increased to approximately \$29.9 million for the quarter ended June 30, 2001 from approximately \$17.5 million for the quarter ended June 30, 2000 or 71%. Operating expenses excluding depreciation, amortization and non-cash compensation increased to approximately \$57.7 million for the six months ended June 30, 2001 from approximately \$31.1 million for the six months ended June 30, 2000 or 86%. These increases in expenses were related to the Company's rapid expansion within all of the markets in which it operates including increased variable costs associated with increased revenue, as well as start-up and expansion expenses in its newer markets as well as higher costs associated with operating as a public company.

Interest expense increased to approximately \$14.7 million for the quarter ended June 30, 2001 from approximately \$3.7 million for the quarter ended June 30, 2000 or 297%. Interest expense increased to approximately \$30.4 million for the

six months ended June 30, 2001 from approximately \$7.2 million for the six months ended June 30, 2000 or 322%. These increases relate primarily to borrowings associated with the acquisition of radio stations from Clear Channel and AMFM.

Other (expense) income was approximately \$(0.6) million for the quarter ended June 30, 2001 compared to approximately \$5.5 million for the quarter ended June 30, 2000. This change was the result of an approximately \$1.2 million write-down of the Company's investment in NetNoir, Inc. partially offset by interest income. Other income decreased to zero for the six months ended June 30, 2001 from approximately \$9.7 million for the six months ended June 30, 2000. This decrease was due to the Company having normalized cash balance levels during the first half of 2001 as compared to high cash and investment balances resulting from its follow-on equity offerings in November 2000 and March 2001 completed in anticipation of the acquisition of radio stations from Clear Channel and AMFM which was consummated in August, 2000.

(Loss) income before provision for income taxes was approximately \$(14.0) million for the quarter ended June 30, 2001 compared to approximately \$9.8 million for the quarter ended June 30, 2000. (Loss) income before provision for income taxes was approximately \$(36.5) million for the six months ended June 30, 2001 compared to approximately \$13.5 million for the six months ended June 30, 2000. These changes were due to lower operating income due to higher

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PAGE 5 -- RADIO ONE, INC. REPORTS RECORD SECOND QUARTER RESULTS

non-cash charges and higher interest expense due to higher levels of debt outstanding as outlined above.

Net (loss) income was approximately \$(14.6) million for the quarter ended June 30, 2001 compared to \$5.6 million for the quarter ended June 30, 2000. Net (loss) income was approximately \$(29.8) million for the six months ended June 30, 2001 compared to approximately \$7.6 million for the six months ended June 30, 2000. These changes were due to the (loss) before provision for income taxes versus income before provision for income taxes in the previous year's periods as well as an extraordinary charge in conjunction with the Company's refinancing of its 12% senior subordinated notes with a new offering of 8-7/8% senior subordinated notes in May, 2001, partially offset by a tax benefit compared to a tax provision during last year's periods.

Broadcast cash flow increased to approximately \$34.0 million for the quarter ended June 30, 2001 from approximately \$16.5 million for the quarter ended June 30, 2000 or 106%. Broadcast cash flow increased to approximately \$56.0 million for the six months ended June 30, 2001 from approximately \$26.1 million for the six months ended June 30, 2000 or 115%. These increases were attributable to the increases in broadcast revenue partially offset by higher operating expenses as described above.

Earnings before interest, taxes, depreciation, and amortization (EBITDA), and excluding non-cash compensation expense, increased to approximately \$32.4 million for the quarter ended June 30, 2001 from approximately \$15.2 million for the quarter ended June 30, 2000 or 113%. Earnings before interest, taxes, depreciation, and amortization (EBITDA), and excluding non-cash compensation expense, increased to approximately \$52.5 million for the six months ended June 30, 2001 from approximately \$23.7 million for the six months ended June 30, 2000 or 122%. These increases were attributable to the increase in broadcast revenue partially offset by higher operating expenses and higher corporate expenses partially associated with the costs of operating as a public company.

#### Other Recent Events:

On June 21, 2001 the Company agreed to acquire WPEZ-FM, licensed to Macon, Georgia, from U.S. Broadcasting Limited Partnership for approximately \$55.0 million. The Company is in the process of moving the station closer to Atlanta, Georgia thereby making it a viable Atlanta FM radio station. The move-in is expected to be completed before the end of 2001.

On August 1, 2001 the Company completed the acquisition of radio stations from Sinclair Telecable, Inc. and Commonwealth Broadcasting, LLC for approximately

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PAGE 6 -- RADIO ONE, INC. REPORTS RECORD SECOND QUARTER RESULTS

Radio One will be holding a conference call to discuss its results for the fiscal second quarter of 2001. This conference call is scheduled for Thursday, August 2, 2001 at 10:00 a.m. Eastern Daylight Time. Interested parties should call 612-332-0107 or 612-288-0329 five minutes prior to the scheduled time of the call and ask for the "Radio One 2001 Second Quarter Results Teleconference". The conference call will be recorded and made available for replay from 1:30 p.m. the day of the call until midnight of the day following the call. Interested parties may listen to the recording by calling (800) 475-6701 and entering passcode 594939.

Radio One is the nation's seventh largest radio broadcasting company (based on 2000 pro forma revenue) in the United States and the largest primarily targeting African-American and urban listeners. Pro forma for all announced acquisitions and operating agreements, the Company owns and/or operates 65 radio stations located in 22 of the largest markets in the United States.

Notes:

This press release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Because these statements apply to future events, they are subject to risks and uncertainties that could cause actual results to differ materially, including the absence of a combined operating history with an acquired company or radio station and the potential inability to integrate acquired businesses, need for additional financing, high degree of leverage, seasonal nature of the business, granting of rights to acquire certain portions of the acquired company's or radio station's operations, market ratings, variable economic conditions and consumer tastes, as well as restrictions imposed by existing debt and future payment obligations. Important factors that could cause actual results to differ materially are described in the Company's reports on Forms 10-K and 10-Q and other filings with the Securities and Exchange Commission.

- (a) "Broadcast cash flow" is defined as broadcast operating income plus corporate expenses (including non-cash compensation) and depreciation and amortization of both tangible and intangible assets.
- (b) "EBITDA" is defined as earnings before interest, taxes, depreciation, amortization and non-cash compensation.
- (c) "After-tax cash flow" is defined as income before income taxes and extraordinary items plus depreciation, amortization, non-cash compensation, non-cash interest expense and non-cash loss/(gain) on investments, less the current income tax liability/(benefit) and preferred stock dividends.
- (d) As of June 30, 2001 the Company had 88,252,000 shares of Common Stock outstanding on a weighted average basis for the quarter.
- (e) As of June 30, 2001 the Company had 88,917,000 shares of Common Stock outstanding on a weighted average basis for the quarter, diluted for outstanding stock options. After-tax cash flow per share data was calculated using the basic and diluted weighted average shares outstanding, however, the per share amounts were the same because of the relatively minor differences between the two weighted average share amounts.

The Company has presented broadcast cash flow, operating cash flow and after-tax cash flow data, which the Company believes are comparable to the data provided by other companies in the industry, because such data are commonly used as a measure of performance for broadcast companies. However, broadcast cash flow, operating cash flow and after-tax cash flow do not purport to represent cash provided by operating activities as reflected in the Company's consolidated statements of cash flow, are not a measure of financial performance under generally accepted accounting principles and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles.

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NEWS RELEASE  
August 2, 2001  
FOR IMMEDIATE RELEASE

RADIO ONE, INC.  
UPDATES GUIDANCE FOR THE  
THIRD QUARTER OF 2001

Washington, DC - Radio One, Inc. (NASDAQ: ROIAK and ROIA) today released updated  
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guidance for its fiscal third quarter ending September 30, 2001. With the adoption by the Securities and Exchange Commission of Regulation FD (Full Disclosure), the Company believes that it is necessary to provide this important information to all market participants. These estimates include expected results for only those stations expected to be owned and/or operated by the Company at some point during the third quarter of 2001. The acquisition of Blue Chip Broadcasting is expected to close by August 15, 2001.

For the quarter ending September 30, 2001 the Company expects to report net revenue of approximately \$65.5-67.5 million, BCF of approximately \$34.0-35.0 million, EBITDA of approximately \$31.6-32.6 million and ATCF of approximately \$0.13-0.14 per share.

These changes are due to the following factors:

1. Continued weakness in the overall advertising market;
2. Significant investments in programming and/or promotions in several of the Company's markets designed to enhance the long-term ratings potential of certain stations;
3. Operating losses and LMA fees on two new "stick" stations to be operated by the Company in the Atlanta market beginning in the third quarter of 2001;
4. An increase in the costs and size of the corporate infrastructure required as the size of the Company has increased significantly, especially in the past year.

Additionally, the Company now expects capital expenditures for the year of approximately \$8.0-10.0 million due to the addition of the Blue Chip stations and investments in the Company's technical infrastructure.

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Page 2 - Radio One, Inc. Updates 2001 Guidance

Commenting on the revision to guidance for the balance of 2001, Alfred C.

Liggins, III, the Company's CEO and President, stated, "While we are never happy to lower our expectations, the reality is that the economy and the radio advertising market both continue to be fairly weak. While this weakness appears to have moderated in recent months, we are not currently optimistic that the second half will be as strong as we originally expected. We are certainly pleased that our revenue growth expectations are well in excess of that which is expected for the industry, and our ratings momentum continues to be strong, but until there is more clarity with respect to the outlook for the economy, our outlook for our third quarter performance has been tempered."

Radio One is the nation's seventh largest radio broadcasting company (based on 2000 pro forma revenue) in the United States and the largest primarily targeting African-American and urban listeners. Pro forma for all announced acquisitions and operating agreements, the Company owns and/or operates 65 radio stations located in 22 of the largest markets in the United States.

This press release may include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Because these statements apply to future events, they are subject to risks and uncertainties that could cause actual results to differ materially, including the absence of a combined operating history with an acquired company or radio station and the potential inability to integrate acquired businesses, need for additional financing, high degree of leverage, granting of rights to acquire certain portions of the acquired company's or radio station's operations, variable economic conditions and consumer tastes, as well as restrictions imposed by existing debt and future payment obligations. Important factors that could cause actual results to differ materially are described in the Company's reports on Forms 10-K and 10-Q and other filings with the Securities and Exchange Commission.

For more information contact Scott R. Royster, Executive Vice President and Chief Financial Officer at 301-429-2642.

# # # #

NEWS RELEASE  
 August 2, 2001  
 FOR IMMEDIATE RELEASE

RADIO ONE, INC.  
 TO OPERATE FOURTH STATION IN ATLANTA

Washington, DC - Radio One, Inc. (NASDAQ: ROIAK and ROIA) announced today that  
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it has entered into an agreement with Mableton Investment Group to operate WAMJ-FM, licensed to Mableton, Georgia. This station, which is currently under construction, is a new station being introduced to the Atlanta market. Upon completion, WAMJ-FM will cover 83% of the African-American population of the Atlanta metropolitan area. The LMA fee for this station will be \$30,000 per month. The pro forma portfolio of Company-owned and/or operated radio stations in Atlanta is as follows:

Call Letters:	Format:
-----	-----
WHTA-FM	Hip Hop
WJZZ-FM (formerly WAMJ-FM)	Jazz
WPEZ-FM	To be determined
WAMJ-FM (formerly WAVE-FM)	To be determined

According to BIA, the Atlanta, Georgia market is the eighth largest radio market (based on 2000 pro forma revenue) and is expected to have approximately \$384 million of radio revenue in 2002. It has also been one of the fastest growing radio markets, averaging in excess of 15% annual growth from 1995-2000.

Commenting on this agreement, Alfred C. Liggins, III, the Company's CEO and President, stated, "This station, in conjunction with our three other Atlanta radio stations, gives us the second largest cluster of FM radio stations in one of the most attractive and fastest growing radio markets in the country. The economics of this agreement are highly favorable to the Company and we are eager to announce our full programming line-up for all four of these stations before the end of the year."

Radio One is the nation's seventh largest radio broadcasting company (based on 2000 pro forma revenue) in the United States and the largest primarily targeting African-American and urban listeners. Pro forma for all announced acquisitions and operating agreements, the Company owns and/or operates 65 radio stations located in 22 of the largest markets in the United States.

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