Annual Report 2001

REGENT
COMMUNICATIONS, INC.

PORTFOLIO OF STATIONS

Albany, NY
WQBJ(FM)
WQBK(FM)
WABT(FM)
WGNA(FM)
WGNA(AM)#
WTMM(AM)

Chico, CA
KFMF(FM)
KQPT(FM)
KALF(FM)
KZAP(FM)

El Paso, TX
KSII(FM)
KLAQ(FM)
KROD(AM)

Erie, PA
WXKC(FM)
WRIE(AM)
WXTA(FM)
WQHZ(FM)

Flint, MI
WCRZ(FM)
WWBN(FM)
WFNT(AM)
WZRZ(FM)*
WRXF(FM)*
WLSP(AM)*

Grand Rapids, MI
WLHT(FM)
WGRD(FM)
WTRV(FM)
WNWZ(AM)
WFGR(FM)*

Lafayette, LA
KMDL(FM)
KRKA(FM)
KFTE(FM)
KTDY(FM)
KPEL(FM)
KPEL(AM)
KROF(AM)

Peoria, IL
WGLO(FM)
WPPY(FM)
WRVP(FM)
WVEL(AM)
WFYR(FM)
WIXO(FM)

Redding, CA
KRRX(FM)
KNNN(FM)
KQMS(AM)
KSHA(FM)
KRDG(FM)
KNRO(AM)

St. Cloud, MN
KMXK(FM)
WJON(AM)
WWJO(FM)
KKSR(FM)
KLZZ(FM)
KXSS(AM)

Utica-Rome, NY
WODZ(FM)
WLZW(FM)
WFRG(FM)
WIBX(AM)
WRUN(AM)

Watertown, NY
WCIZ(FM)
WFRY(FM)
WTNY(AM)
WNER(AM)

* Stations indicated with an asterisk (*) are subject to acquisition by us under an existing agreement.

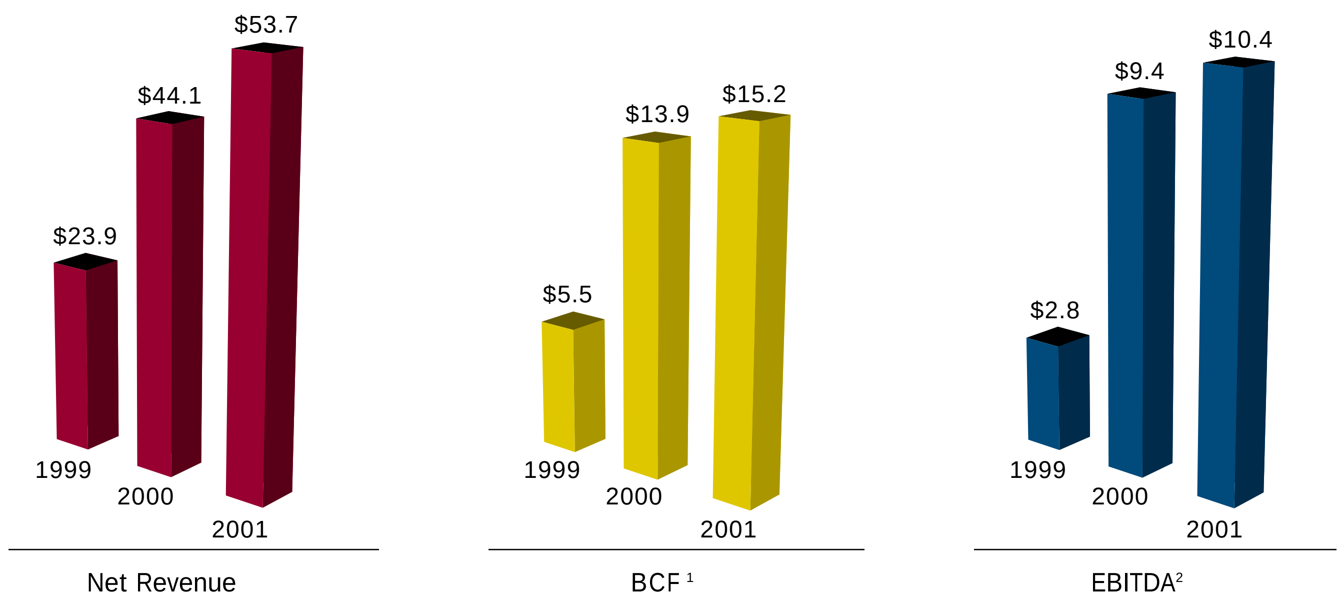
We have subsequently sold those stations with a (#).

2001

Regent Communications, Inc. ("Regent" or the "Company") is a holding company in the radio broadcasting business. Regent was incorporated in Delaware in November 1996 by Terry S. Jacobs and William L. Stakelin with the objective of acquiring radio properties, primarily in medium and smaller radio markets, that have a history of growing revenues and broadcast cash flow, have capable operating management and are in communities with good growth prospects or have attractive competitive environments. Regent acquired its first group of radio stations in June of 1998. Pending the close of all announced transactions, Regent Communications will own and operate 61 stations (44 FM and 17 AM) clustered in 12 markets in California, Illinois, Louisiana, Michigan, Minnesota, New York, Pennsylvania and Texas. Regent Communications, Inc. shares are traded on the Nasdaq under the symbol "RGCI".

STRONG FINANCIAL PERFORMANCE

Operating Data *(in millions)*



[1] Broadcast Cash Flow
[2] Earnings Before Interest Taxes Depreciation and Amortization

Dear Shareholders,

The year 2001 brought unprecedented tragedies and challenges for our great country. The economic difficulties that confronted all advertising-related companies were the most difficult we have faced in modern times. In spite of all the obstacles that resulted from the tragic events of September 11, the ensuing economic downturn, and the subsequent advertising recession, Regent made significant progress and produced growth in all phases of our business in 2001. We are extremely proud to report our achievements and successes to our shareholders as we continue to share our vision of Regent's future with you.

Terry S. Jacobs
Chairman of the Board
and Chief Executive Officer

Regent's strategy for creating shareholder value can be simply stated as:

Constantly enhancing and improving the operation of Regent's existing station groups and markets.

Taking advantage of acquisition opportunities that enhance our existing station clusters, enabling greater market penetration and operational efficiencies.

Acquiring new markets at attractive prices that create the potential for above-average rates of return.

During 2001, Regent was successful in each of these areas- resulting in our ability to grow at an industry-leading rate. Based on stations owned and operated for more than a year,

During the year we greatly improved our station group through

prudent

Regent was one of the few publicly owned radio companies, and the *only* mass market radio broadcaster (excluding niche broadcasters), to realize positive growth in revenue for 2001. In fact, while the radio industry was down 8% in 2001, Regent's same-station net revenues increased by 5.2%. On a GAAP reported basis, full year 2001 net broadcast revenues increased 21.9% to $53.7 million from $44.1 million for full year 2000. In addition, 2001 broadcast cash flow increased 9.2% to $15.2 million from $13.9 million reported for 2000. These strong results in the face of a challenging economic environment demonstrate the experience of our management team and the attractive growth characteristics of our station group. We believe that we are in the sweet spot of the radio industry and that the mid and small-sized markets will continue to prosper in both good times *and* bad.

During the year we greatly improved our station group through prudent acquisitions. We enhanced existing markets by adding eight stations including: three in St. Cloud, Minnesota; three in Flint, Michigan; one in Erie, Pennsylvania; and one in Grand Rapids, Michigan. These new stations provide us with additional revenue streams while adding only minimally to our cost structure in each market. This opens the door for meaningful improvements in our profit margin over the coming years.

We also added two new attractive markets to the Regent group with the acquisition of six stations in Peoria, Illinois in August, and seven stations in Lafayette, Louisiana in December. Peoria is a market with tremendous growth and profit potential, but one that has required near-term investment. We are confident that these investments will begin to pay off handsomely later this year, into 2003, and beyond. In Lafayette, we acquired some excellent heritage stations with a strong and experienced management team. With the added resources that Regent will provide, we are excited about the potential for above-average growth in this market.

When looking at our station group as a whole, it is important to understand that 80% of the stations in our current portfolio have been owned by Regent for less than 36 months. As we have consistently stated on past occasions, it is often necessary to initially take a step backward in operational results in order to subsequently go forward and grow on a more sustainable basis. When we assume ownership of new stations, it normally takes 18 to 36 months before the benefits of the improvements and investments we have made begin to yield significant positive results. The best example of this scenario is highlighted by the performance of the stations in the three markets that Regent has owned for more than 36 months. During the most difficult period of 2001, the fourth quarter of the year, the three markets' net revenue collectively grew by 5% and broadcast cash flow increased by 12%. Contrast this with the results of the overall radio industry for this same period which produced significant decreases in both net revenue and broadcast cash flow.

We believe this out-performance demonstrates what we can do when the full strength of our managerial and operational techniques are established. Given that 80% of Regent's stations have been under our ownership for less than 36 months, we believe there is significant growth potential in our revenue and broadcast cash flow in the coming years. Currently, our broadcast cash flow margins are in the low

Regent is very well positioned for both near and

long-term gain

30% area. Our goal is a very attainable mid 40% margin, which highlights the significant growth in the current station group Regent owns, even without new acquisitions.

We have been able to make progress in all our strategic growth areas because we have kept our balance sheet strong, providing us with the flexibility to invest in our operations while capitalizing on growth opportunities. In fact, we have avoided making short-term cost reductions at our existing stations and have made a conscious effort to continue to invest in our properties in order to create a strong platform for future development. Despite a challenging economic environment, we have kept our debt leverage at a level that puts us among the top of all the commercial radio companies at the end of 2001. Our conservative use of debt, along with our ability to use Regent's stock as currency in a number of transactions, has allowed us to enhance our station group while many of our peers have struggled with financial issues. We intend to continue our disciplined and prudent approach as we grow in the future.

As we look to 2002, our goal remains to double our revenue and cash flow on a pro forma basis by the end of the year. In order to accomplish this, we intend to improve operations while managing our balance sheet and capital base to allow us to take advantage of attractive acquisition opportunities. As the public capital markets become more favorable, we intend to move intelligently to enhance our equity base while continuing to employ debt on a conservative and prudent basis. We have worked hard to develop a successful track record and a reputation as a top performer in our industry. We are confident that the public market place will recognize and value Regent's impressive performance as we manage our resources for continued growth and development.

In closing, Regent is very well positioned for both near and long-term gain with an experienced management team and a solid foundation upon which to build. While the economic environment has been challenging, we are optimistic that the worst is now behind us. Over a 60+ year period, radio advertising revenue has grown at almost a 9% compounded rate. There have only been two years in the last 40 years when radio revenue decreased from one year to the next- in 1991 when the Gulf War occurred, and in 2001 when a combination of terrorist attacks and a recession created the most severe downturn in the history of radio. We are confident that the historic growth levels of the past will return over the next 12 months and that Regent is ideally positioned to outperform this growth.

At Regent Communications, our people- employees, management, directors, and our shareholders- are our greatest strength. We sincerely appreciate the confidence and the loyalty they continue to demonstrate and the contributions they make to our ongoing success. I look forward to reporting our progress to you throughout the coming year.

Respectfully submitted,

Terry S. Jacobs

Chairman of the Board and
Chief Executive Officer

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, 2001 or

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

For the transition period from .... to ....

Commission file number 0-15392

REGENT COMMUNICATIONS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**31-1492857**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

100 East RiverCenter Boulevard
Suite 900
Covington, Kentucky 41011
(Address of principal executive offices) (Zip Code)

(859) 292-0030
(Registrant's telephone number, including area code)

Securities to be registered pursuant to Section 12(b) of the Act: None

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

Common Stock, $.01 par value per share (Title of class)

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 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. ☐

As of March 11, 2002, the aggregate market value of registrant's common equity held by non-affiliates of registrant was approximately $156,417,675 based upon the closing sale price of $6.37 on the Nasdaq Stock Market's National Market for that date. (For purposes hereof, directors, executive officers and 10% or greater stockholders have been deemed affiliates.)

The number of common shares of registrant outstanding as of March 11, 2002 was 36,015,106.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Registrant's definitive Proxy Statement to be filed during April 2002 in connection with the 2002 Annual Meeting of Stockholders presently scheduled to be held on May 16, 2002 are incorporated by reference into Part III of this Form 10-K.

REGENT COMMUNICATIONS, INC.

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ON FORM 10-K

Regent Communications, Inc. is a holding company. We own and operate our radio stations and hold our radio broadcast licenses in separate subsidiaries. In this report, when we use the term “Regent” and the pronouns “we,” “our” and “us,” we mean Regent Communications, Inc. and all its subsidiaries, unless the context otherwise requires.

PART I

ITEM 1. BUSINESS.

General Development of Business

We are a radio broadcasting company focused on acquiring, developing and operating radio stations in mid-sized and small markets. We currently own and operate 41 FM and 16 AM radio stations in 12 markets in California, Illinois, Louisiana, Michigan, Minnesota, New York, Pennsylvania and Texas. We have entered into written agreements to acquire four additional stations in two of our existing markets (Flint and Grand Rapids, Michigan) and currently provide programming and certain other services to these stations pending completion of their purchase. Our assembled clusters of radio stations rank first or second in terms of revenue share in all of our markets except Albany, where our cluster ranks third.

Our primary strategy is to secure and maintain a leadership position in the markets we serve and to expand into additional mid-sized and small markets where we can achieve a leadership position. After we enter a market, we seek to acquire stations that, when integrated with our existing operations, will allow us to reach a wider range of demographic groups that appeal to advertisers, increase revenue and achieve substantial cost savings. Additionally, we believe that our advertising pricing on the basis of cost per thousand impressions, combined with the added reach of our radio station clusters, allows us to compete successfully for advertising revenue against non-traditional competitors such as print media, television and outdoor advertising.

Relative to the largest radio markets in the United States, we believe that the mid-sized and small markets represent attractive operating environments because they are generally characterized by the following:

- a greater use of radio advertising compared to the national average;
- substantial growth in advertising revenues as national and regional retailers expand into mid-sized and small markets;
- a weaker competitive environment characterized by small independent operators, many of whom lack the capital to produce locally-originated programming or to employ more sophisticated research, marketing, management and sales techniques;
- less direct format competition due to a smaller number of stations in any given market; and
- lower overall susceptibility to fluctuations in general economic conditions due to a lower percentage of national versus local advertising revenues.

We believe that these operating characteristics, coupled with the opportunity to establish or expand radio station clusters within a specific market, create the potential for revenue growth and cost efficiencies.

Our portfolio of radio stations is diversified in terms of geographic location, target demographics and format. We believe that this diversity helps insulate us from downturns in specific markets and changes in format preferences.

Completed Acquisitions and Dispositions

We completed the following acquisitions and dispositions of radio stations during 2001. The purchase prices set forth below were paid in cash, except where otherwise indicated, and include, where applicable, amounts paid under non-competition agreements, but do not include transaction-related costs.

Acquisitions

Seller	Market	No. of Stations	Call Letters	Purchase Price (in millions)	Date Completed
StarCom, Inc.	St. Cloud, MN	3	KKSR-FM KLZZ-FM KXSS-AM	$5.5	5/09/01
The Cromwell Group, Inc. and related entities	Peoria, IL	6	WGLO-FM WPPY-FM WRVP-FM WVEL-AM WFYR-FM WIXO-FM	$20.0[(1)]	8/29/01
NextMedia Group II, Inc.	Erie, PA	1	WQHZ-FM	$4.9	10/15/01
ComCorp of Lafayette, Inc. and related entities	Lafayette, LA	7	KMDL-FM KRKA-FM KFTE-FM KTDY-FM KPEL-FM KPEL-AM KROF-AM	$39.6[(2)]	12/08/01

(1) The purchase price paid consisted of $14.0 million in cash and 786,141 shares of our common stock.
(2) The purchase price paid consisted of approximately $38.1 million in cash and 215,828 shares of our common stock.

Dispositions

Purchaser	Market	No. of Stations	Call Letters	Sale Price (in millions)	Date Completed
Concord Media Group, Inc.	Palmdale, CA	3	KTPI-FM KAVC-AM KOSS-FM	$13.5	06/01/2001
We completed the following disposition in 2002:					
ABC, Inc.	Albany, NY	1	WGNA-AM	$2.0	03/12/2002

Pending Transactions

We currently have transactions pending which, if completed, will result in the purchase by us of four radio stations. Closing of each of these transactions is subject to certain conditions, including required governmental approvals.

On July 27, 2001, we entered into an agreement, as amended, to acquire by merger with The Frankenmuth Radio Co., Inc. WZRZ-FM serving the Flint, Michigan market for approximately $2.0 million, consisting of approximately $0.6 million in cash and 208,905 shares of our common stock, valued at approximately $1.4 million. We have made an escrow deposit in the amount of $125,000 to secure our obligations under this agreement. The Federal Communications Commission has approved the assignment of the station licenses, and we anticipate closing this acquisition in 2003. On January 1, 2002, we began providing programming and other services to the station under a time brokerage agreement.

Also on July 27, 2001, we entered into an agreement, as amended, to purchase the outstanding stock of Haith Broadcasting Corporation, owner of WFGR-FM serving the Grand Rapids, Michigan market for approximately $3.9 million in cash. We have made an escrow deposit in the amount of $250,000 to secure our obligations under this agreement. In conjunction with the above stock purchase, on February 4, 2002, we purchased the option to buy WFGR-FM from Connoisseur Communications of Flint, L.L.P. for approximately $1.1 million, paid by the issuance of 174,917 shares of our common stock. The Federal Communications Commission has approved the assignment of the station licenses of WFGR-FM, and we anticipate closing this acquisition in 2003. On January 1, 2002, we began providing programming and other services to the station under a time brokerage agreement.

On November 15, 2001, we entered into an agreement with Covenant Communications Corporation to acquire substantially all of the assets of WRXF-FM and WLSP-AM, serving the Flint, Michigan market, for approximately $1.3 million in cash. We placed in escrow $65,000 to secure our obligations under the agreement. Applications seeking approval from the Federal Communications Commission for the assignments of the station licenses were filed in November 2001, and are currently pending. On December 3, 2001, we began providing programming and other services to the stations under a time brokerage agreement.

Acquisition Strategy

Our acquisition strategy is to expand within our existing markets and into new mid-sized and small markets where we believe we can effectively use our operating strategies. In considering new markets, we focus on those markets that have a minimum of $7.0 million in gross radio advertising revenue where we believe we can build a station cluster that will generate at least $1.0 million in annual broadcast cash flow. The term "broadcast cash flow" means operating income (loss) before depreciation and amortization and corporate general and administrative expenses. Although broadcast cash flow is not a measure of performance calculated in accordance with generally accepted accounting principles, we believe that broadcast cash flow is accepted by the broadcasting industry as a generally recognized measure of performance and is used by analysts who report publicly on the performance of broadcasting companies. Nevertheless, this measure should not be considered in isolation or as a substitute for operating income (loss), net income (loss), net cash provided by (used in) operating activities or any other measure for determining our operating performance or liquidity that is calculated in accordance with generally accepted accounting principles. Although significant competition exists among potential purchasers for suitable radio station acquisitions throughout the United States, we believe that there is currently less competition, particularly from the larger radio operators, in the mid-sized and small markets. After entering a market, we seek to acquire additional stations that will allow us to reach a wider range of demographic groups to appeal to advertisers and increase revenue. We also integrate these stations into our existing operations in an effort to achieve substantial cost savings. We have sold or will sell stations in different markets that did not or do not fit within our existing acquisition strategy.

We believe that the creation of strong station clusters in our local markets is essential to our operating success. In evaluating an acquisition opportunity in a new market, we assess our potential to build a leading radio station cluster in that market over time. We will not consider entering a new market unless we can acquire multiple stations in that market. We also analyze a number of additional factors we believe are important to success, including the number and quality of commercial radio signals broadcasting in the market, the nature of the competition in the market, our ability to improve the operating performance of the radio station or stations under consideration and the general economic conditions of the market.

We believe that our acquisition strategy, properly implemented, affords a number of benefits, including:

- greater revenue and broadcast cash flow diversity;
- improved broadcast cash flow margins through the consolidation of facilities and the elimination of redundant expenses;
- enhanced revenue by offering advertisers a broader range of advertising packages;
- improved negotiating leverage with various key vendors;

- enhanced appeal to top industry management talent; and
- increased overall scale, which should facilitate our capital raising activities.

We have developed a process for integrating newly acquired properties into our overall culture and operating philosophy, which involves the following key elements:

- assess format quality and effectiveness so that we can refine station formats in order to increase audience and revenue share;
- upgrade transmission, audio processing and studio facilities;
- expand and strengthen sales staff through active recruiting and in-depth training;
- convert acquired stations to our communications network and centralized networked accounting system; and
- establish revenue and expense budgets consistent with the programming and sales strategy and corresponding cost adjustments.

From time to time, in compliance with applicable law, we enter into a time brokerage agreement (under which separately owned and licensed stations agree to function cooperatively in terms of programming, advertising, sales and other matters), or a similar arrangement, with a target property prior to final Federal Communication Commission ("FCC") approval and the consummation of the acquisition, in order to gain a head start on the integration process.

Operating Strategy

Our operating strategy focuses on maximizing our radio stations' appeal to listeners and advertisers and, consequently, increasing our revenue and cash flow. To achieve these goals, we have implemented the following strategies:

Ownership of Strong Radio Station Clusters. We seek to secure and maintain a leadership position in the markets we serve by owning multiple stations in those markets. By coordinating programming, promotional and sales strategies within each local station cluster, we attempt to capture a wider range of demographic listeners to appeal to advertisers. We believe that the diversification of our programming formats and inventory of available advertising time strengthens relationships with advertisers, increasing our ability to maximize the value of our inventory. We believe that operating multiple stations in a market enhances our ability to market the advantages of advertising on radio versus other media, such as newspapers and television.

We believe that our ability to utilize the existing programming and sales resources of our radio station clusters enhances the growth potential of both new and underperforming stations while reducing the risks associated with the implementation of station performance improvements, such as new format launches. We believe that operating leading station clusters allows us to attract and retain talented local personnel, who are essential to our operating success. Furthermore, we seek to achieve cost savings within a market through the consolidation of facilities, sales and administrative personnel, management and operating resources, such as on-air talent, programming and music research, and the reduction of other redundant expenses.

Aggressive Sales and Marketing. We seek to maximize our share of local advertising revenue in each of our markets through aggressive sales and marketing initiatives. We provide extensive training through in-house sales and time management programs and independent consultants who hold frequent seminars and are available for consultation with our sales personnel. We emphasize regular, informal exchanges of ideas among our management and sales personnel across our various markets. We seek to maximize our revenue by utilizing sophisticated inventory management techniques to provide our sales personnel with frequent price adjustments based on regional and local market conditions. We further strengthen our relationship with some advertisers by offering the ability to create customer traffic through an on-site event staged at, and broadcast from, the advertiser's business location. We believe that, prior to their acquisition, many of our newly acquired stations had underperformed in sales, due primarily to undersized sales staffs. Accordingly, we have significantly expanded the sales forces of many of our acquired stations.

Targeted Programming and Promotion. To maintain or improve our position in each market, we combine extensive market research with an assessment of our competitors' vulnerabilities in order to identify significant and sustainable target audiences. We then tailor the programming, marketing and promotion of each radio station to maximize its appeal to the targeted audience. We attempt to build strong markets by:

- creating distinct, highly visible profiles for our on-air personalities, particularly those broadcasting during morning drive time, which traditionally airs between 6:00 a.m. and 10:00 a.m.;
- formulating recognizable brand names for select stations; and
- actively participating in community events and charities.

Decentralized Operations. We believe that radio is primarily a local business and that much of our success will be the result of the efforts of regional and local management and staff. Accordingly, we decentralize much of our operations at these levels. Each of our station clusters is managed by a team of experienced broadcasters who understand the musical tastes, demographics and competitive opportunities of their particular market. Local managers are responsible for preparing annual operating budgets and a portion of their compensation is linked to meeting or surpassing their operating targets. Corporate management approves each station cluster's annual operating budget and imposes strict financial reporting requirements to track station performance. Corporate management is responsible for long range planning, establishing corporate policies and serving as a resource to local management.

Station Portfolio

When our pending acquisition transactions are completed, we will own 44 FM and 17 AM radio stations in 12 mid-sized and small markets. The following table sets forth information about the stations that we own and expect to own after giving effect to our pending transactions.

As you review the information in the table below, you should note the following:

- The abbreviation "MSA" in the table means the market's rank among the largest metropolitan statistical areas in the United States.
- The symbol "*" indicates a station that is the subject of one of our pending acquisitions. The completion of each of the pending acquisitions is subject to certain conditions, including governmental approvals. There can be no assurance that these conditions will be satisfied in any particular case. The symbol “#” indicates a station that we have subsequently sold.
- In the Primary Demographic Target column, the letter "A" designates adults, the letter "W" designates women and the letter "M" designates men. The numbers following each letter designate the range of ages included within the demographic group.
- Station Cluster Rank by Market Revenue Share in the table is the ranking, by radio cluster market revenue, of each of our radio clusters in its market among all other radio clusters in that market.
- We obtained all metropolitan statistical area rank information, market revenue information and station cluster market rank information for all of our markets from Investing in Radio 2001 Market Report (4th ed.) published by BIA Publications, Inc.
- We obtained all audience share information from the Fall 2001 Radio Market Report published by The Arbitron Company. We derived station cluster audience share based on persons ages 12 and over, listening Monday through Sunday, 6:00 a.m. to 12:00 midnight.

Radio Market/ Station Call Letters	MSA Rank	Station Programming Format	Primary Demographic Target	Station Cluster Rank by Market Revenue Share	Station Cluster 12+ Audience Share
Albany, NY	59			3	18.1
WQBJ(FM)		Rock	M 18-49		
WQBK(FM)		Rock	M 18-49		
WABT(FM)		80's	A 25-54		
WGNA(FM)		Country	A 25-54		
WGNA(AM)(#)		Country	A 25-54		
WTMM(AM)		Sports	M 35+		
Chico, CA........................	190			1	14.4
KFMF(FM)		Rock	M 18-49		
KALF(FM)		Country	A 25-54		
KQPT(FM)		Alternative	A 18-34		
KZAP(FM)		Adult Contemporary	W 25-54		
El Paso, TX	70			2	16.1
KSII(FM)		Hot Adult Contemporary	W 25-54		
KLAQ(FM)		Rock	M 18-49		
KROD(AM)		News/Talk	A 35+		
Erie, PA...........................	156			2	33.8
WXKC(FM)		Adult Contemporary	W 25-54		
WXTA(FM)		Country	A 25-54		
WRIE(AM)		Nostalgia	A 35+		
WQHZ(FM)		Classic Hits	A 25-54		
Flint, MI	119			2	16.7
WCRZ(FM)		Adult Contemporary	W 25-54		
WWBN(FM)		Rock	M 18-49		
WFNT(AM)		Nostalgia	A 35+		
WZRZ(FM)*		Rhythmic CHR	A 18-34		
WRXF(FM)*		Classic Hits	A 25-54		
WLSP(AM)*		Variety	A 35+		
Grand Rapids, MI..............	66			2	13.9
WLHT(FM)		Adult Contemporary	W 25-54		
WGRD(FM)		New Rock	M 18-49		
WTRV(FM)		Soft Adult Contemporary	W 35+		
WNWZ(AM)		Talk	A 35+		
WFGR(FM)*		Classical	A 35+		
Lafayette, LA	98			1	27.8
KPEL(FM)		Talk	A 35+		
KTDY(FM)		Adult Contemporary	A 25-54		
KRKA(FM)		Classic Rock	M 25-54		
KFTE(FM)		Alternative	A 18-34		
KMDL(FM)		Country	A 25-54		
KPEL(AM)		Talk	A 35+		
KROF(AM)		Sports	A 35+		

Radio Market/ Station Call Letters	MSA Rank	Station Programming Format	Primary Demographic Target	Station Cluster Rank by Market Revenue Share	Station Cluster 12+ Audience Share
Peoria, IL……………..…	135			2	20.6
WVEL(AM)		Gospel	A 35+		
WGLO(FM)		Classic Rock	M 25-54		
WIXO(FM)		Alternative	A 18-34		
WRVP(FM)		CHR	A 18-34		
WPPY(FM)		CHR	A 18-34		
WFYR(FM)		Country	A 25-54		
Redding, CA....................	215			1	40.0
KSHA(FM)		Soft Adult Contemporary	W 25-54		
KNNN(FM)		Current Hit Radio	A 18-34		
KRDG(FM)		Oldies	A 35-54		
KRRX(FM)		Rock	M 18-49		
KNRO(AM)		ESPN	M 35+		
KQMS(AM)		News/Talk/Sports	A 35+		
St. Cloud, MN	212			1	24.9
KMXK(FM)		Adult Contemporary	W 25-54		
WWJO(FM)		Country	A 25-54		
WJON(AM)		News/Talk	A 35+		
KLZZ(FM)		Classic Rock	M 25-54		
KKSR(FM)		Dance CHR	A 18-34		
KXSS(AM)		Adult Standards	A 35-64		
Utica-Rome, NY	151			1	37.2
WODZ(FM)		Oldies	A 35-54		
WLZW(FM)		Adult Contemporary	W 25-54		
WFRG(FM)		Country	A 25-54		
WRUN(AM)		Sports	M 35+		
WIBX(AM)		News/Talk	A 35+		
Watertown, NY	257			1	43.8
WCIZ(FM)		Classic Hits	A 25-54		
WFRY(FM)		Country	A 25-54		
WTNY(AM)		Talk	A 35+		
WNER(AM)		ESPN	M 35+		

Advertising Sales

Virtually all of our revenue is generated from the sale of local, regional and national advertising for broadcast on our radio stations. In 2001, approximately 85% of our net broadcast revenue was generated from the sale of local and regional advertising. Additional broadcast revenue is generated from the sale of national advertising, network compensation payments and other miscellaneous transactions. The major categories of our advertisers include telephone companies, retail merchants, restaurants, fast food chains, automotive companies and grocery stores.

Each station's local sales staff solicits advertising either directly from the local advertiser or indirectly through an advertising agency. We pay a higher commission rate to our sales staff for direct advertising sales. Through direct advertiser relationships, we can better understand the advertiser's business needs and more effectively design advertising campaigns to sell the advertiser's products. We employ personnel in each of our markets to produce commercials for the advertiser. In-house production combined with effectively designed advertising establishes a stronger relationship between the advertiser and the station cluster. National sales are made by a firm specializing in radio advertising sales on the national level in exchange for a commission based on net revenue. Regional sales, which we define as sales in regions surrounding our markets to companies that advertise in our markets, are generally made by our local sales staff.

Depending on the programming format of a particular station, we estimate the optimum number of advertising spots available. The number of advertisements that can be broadcast without jeopardizing listening levels is limited in part by the format of a particular station. Our stations strive to maximize revenue by managing advertising inventory. Our stations adjust pricing based on local market conditions and the ability to provide advertisers with an effective means of reaching a targeted demographic group. Each of our stations has a general target level of on-air inventory. This target level of inventory may be different at different times of the day but tends to remain stable over time. Much of our selling activity is based on demand for our radio stations' on-air inventory and, in general, we respond to this demand by varying prices rather than our target inventory level for a particular station. Therefore, most changes in revenue can be explained by demand-driven pricing changes.

A station's listenership is reflected in ratings surveys that estimate the number of listeners tuned to the station and the time they spend listening. Each station's ratings are used by its advertisers and advertising representatives to consider advertising with the station and are used by us to chart audience levels, set advertising rates and adjust programming. The radio broadcast industry's principal ratings service is The Arbitron Company, which publishes periodic ratings surveys for significant domestic radio markets. These surveys are our primary source of audience ratings data.

We believe that radio is one of the most efficient and cost-effective means for advertisers to reach specific demographic groups. Advertising rates charged by radio stations are based primarily on the following:

- the supply of, and demand for, radio advertising time;
- a station's share of audiences in the demographic groups targeted by advertisers, as measured by ratings surveys estimating the number of listeners tuned to the station at various times; and
- the number of stations in the market competing for the same demographic groups.

Rates are generally highest during morning and afternoon commuting hours.

Competition

The radio broadcasting industry is highly competitive. The success of each station depends largely upon audience ratings and its share of the overall advertising revenue within its market. Stations compete for listeners and advertising revenue directly with other radio stations within their respective markets. Radio stations compete for listeners primarily on the basis of program content that appeals to a particular demographic group. Building a strong listener base consisting of a specific demographic group in a market enables an operator to attract advertisers seeking to reach those listeners. Companies that operate radio stations must be alert to the possibility of another station changing format to compete directly for listeners and advertisers. A station's decision to convert to a format similar to that of another radio station in the same geographic area may result in lower ratings and advertising revenue, increased promotion and other expenses and, consequently, lower broadcast cash flow.

Factors that are material to a radio station's competitive position include management experience, the station's local audience rank in its market, transmitter power, assigned frequency, audience characteristics, local program acceptance and the number and characteristics of other radio stations in the market area. Recent changes in FCC policies and rules permit increased ownership and operation of multiple local radio stations. Management believes that radio stations that elect to take advantage of joint arrangements such as local marketing agreements or joint sales agreements may in certain circumstances have lower operating costs and may be able to offer advertisers more attractive rates and services.

Although the radio broadcasting industry is highly competitive, some barriers to entry exist. The operation of a radio broadcast station requires a license from the FCC, and the number of radio stations that can operate in a given market is limited by the availability of FM and AM radio frequencies allotted by the FCC to communities in that market, as well as by the FCC's multiple ownership rules regulating the number of stations that may be owned or controlled by a single entity.

Our stations compete for advertising revenue with other stations and with other media, including newspapers, broadcast television, cable television, magazines, direct mail, coupons and outdoor advertising. In addition, the radio broadcasting industry is subject to competition from new media technologies that are being developed or introduced, such as the delivery of audio programming by cable or direct broadcast satellite television systems, by satellite-delivered digital audio radio service and by in-band digital audio broadcasting. Satellite-delivered digital audio broadcasting may deliver by satellite to nationwide and regional audiences, multi-channel, multi-format, digital radio services with sound quality equivalent to compact discs. XM Satellite Radio launched its commercial service on September 25, 2001 and Sirius Satellite Radio is scheduled to launch service in 2002. Furthermore, terrestrial in-band digital audio broadcasting may deliver multi-channel, multi-format programming in the same bands now used by AM and FM broadcasters. The delivery of information through the Internet also could create a new form of competition. The FCC has adopted rules creating a new low power radio service that will open up opportunities for new "microbroadcasting" FM radio stations that would serve small, localized areas.

We cannot predict what other matters might be considered in the future by the FCC, nor assess in advance what impact those proposals or changes might have on our business. The radio broadcasting industry historically has grown despite the introduction of new technologies for the delivery of entertainment and information. A growing population and greater availability of radios, particularly car and portable radios, have contributed to this growth. There can be no assurances, however, that this historical growth will continue.

Employees

At March 11, 2002, we employed approximately 670 persons. 13 of our employees in Watertown, New York are covered by a collective bargaining agreement. None of our other employees are covered by collective bargaining agreements. We consider our relations with our employees generally to be good.

Federal Regulation of Radio Broadcasting

Introduction. Our ownership, operation, purchase and sale of radio stations is regulated by the FCC, which acts under authority derived from the Communications Act of 1934, as amended. Among other things, the FCC:

- assigns frequency bands for broadcasting;
- issues, renews, revokes and modifies station licenses;
- determines whether to approve changes in ownership or control of station licenses;
- regulates equipment used by stations; and
- adopts and implements regulations and policies that directly or indirectly affect the ownership, operation and employment practices of stations.

The following is a brief summary of certain provisions of the Communications Act and of specific FCC regulations and policies. Failure to observe these or other rules and policies can result in the imposition of various sanctions, including fines, the grant of abbreviated license renewal terms or, for particularly egregious violations, the denial of a license renewal application, the revocation of a license or the denial of FCC consent to acquire additional radio stations.

License Grant and Renewal. Radio stations operate under renewable broadcasting licenses that are ordinarily granted by the FCC for maximum terms of eight years. Licenses are renewed through an application to the FCC. Petitions to deny license renewals can be filed by interested parties, including members of the public. These petitions may raise various issues before the FCC. The FCC is required to hold hearings on renewal applications if the FCC is unable to determine that renewal of a license would serve the public interest, convenience and necessity, or if a petition to deny raises a substantial and material question of fact as to whether the grant of the renewal application would be inconsistent with the public interest, convenience and necessity. If, as a result of an evidentiary hearing, the FCC determines that the licensee has failed to meet certain requirements and that no mitigating factors justify the imposition of a lesser sanction, then the FCC may deny a license renewal application. Historically, FCC licenses have generally been renewed. We are not currently aware of any facts that would prevent the timely renewal of our licenses to operate our radio stations, although we cannot assure you that all of our licenses will be renewed.

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

The minimum and maximum facilities requirements for an FM station are determined by its class. FM class designations depend upon the geographic zone in which the transmitter of the FM station is located. In general, commercial FM 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 recently adopted a rule that subjects Class C FM stations to involuntary downgrades to Class C0 if they do not meet certain antenna height specifications.

The following table sets forth the market, call letters, FCC license classification, antenna height above average terrain (HAAT), power and frequency of each of the stations that are owned and operated by us or that are the subject of a pending acquisition or subsequent sale, and the date on which each station's FCC license expires.

Market	Station Call Letters	FCC Class	HAAT in Meters	Power in Kilowatts	Frequency	Expiration Date of FCC License
Albany, NY	WQBJ(FM)	B	150.0	50.0	103.5 MHz	06/01/06
	WQBK(FM)	A	92.0	6.0	103.9 MHz	06/01/06
	WABT(FM)	A	107.0	5.0	104.5 MHz	06/01/06
	WGNA(FM)	B	300.0	12.5	107.7 MHz	06/01/06
	WGNA(AM)#	B	N/A	5.0	1460 kHz	06/01/06
	WTMM(AM)	B	N/A	5.0	1300 kHz	06/01/06
Chico, CA...............	KFMF(FM)	B1	344	2.0	93.9 MHz	12/01/05
	KQPT(FM)	B	193	28.0	107.5 MHz	12/01/05
	KALF(FM)	B	386	7.0	95.7 MHz	12/01/05
	KZAP(FM)	B1	393	1.5	96.7 MHz	12/01/05
El Paso, TX.............	KSII(FM)	C	433	98.0	93.1 MHz	08/01/05
	KLAQ(FM)	C	424	88.0	95.5 MHz	08/01/05
	KROD(AM)	B	N/A	5.0	600 kHz	08/01/05

Market	Station Call Letters	FCC Class	HAAT in Meters	Power in Kilowatts	Frequency	Expiration Date of FCC License
Erie, PA	WXKC(FM)	B	150	50.0	99.9 MHz	08/01/06
	WRIE(AM)	B	N/A	5.0	1260 kHz	08/01/06
	WXTA(FM)	B1	154	10.0	97.9 MHz	08/01/06
	WQHZ(FM)	A	187	1.7	102.3 MHz	08/01/06
Flint, MI..................	WCRZ(FM)	B	331	50.0	107.9 MHz	10/01/04
	WWBN(FM)	A	328	6.0	101.7 MHz	10/01/04
	WFNT(AM)	B	N/A	5.0 daytime 1.0 night	1470 kHz	10/01/04
	WZRZ(FM)*	A	133	3.5	93.7 MHz	10/01/04
	WRXF(FM)*	A	91	3.0	103.1 MHz	10/01/04
	WLSP(AM)*	B	N/A	5.0	1530 kHz	10/01/04
Grand Rapids, MI ...	WLHT(FM)	B	168.0	40.0	95.7 MHz	10/01/04
	WGRD(FM)	B	180.0	13.0	97.9 MHz	10/01/04
	WTRV(FM)	A	92.0	3.50	100.5 MHz	10/01/04
	WNWZ(AM)	B	N/A	1.0 daytime .05 night	1410 kHz	10/01/04
	WFGR(FM)*	A	150.0	2.75	98.7 MHz	10/01/04
Lafayette, LA..........	KMDL(FM)	C2	171.0	38	97.3 MHz	06/01/04
	KRKA(FM)	C1	263.0	97	107.9 MHz	06/01/04
	KFTE(FM)	C2	163.0	42	96.5 MHz	06/01/04
	KTDY(FM)	C	300.0	100	99.9 MHz	06/01/04
	KPEL(FM)	C3	89.0	25	105.1 MHz	06/01/04
	KPEL(AM)	B	N/A	1.0 daytime 0.75 night	1420 kHz	06/01/04
	KROF(AM)	D	N/A	1.0 daytime .095 night	960 kHz	06/01/04
Peoria, IL………..	WGLO(FM)	B1	189.0	7.0	95.5 MHz	12/01/04
	WPPY(FM)	A	137.0	3.3	101.1 MHz	12/01/04
	WRVP(FM)	A	100.0	6.0	98.5 MHz	12/01/04
	WVEL(AM)	D	N/A	5.0 daytime	1140 kHz	12/01/04
	WFYR(FM)	B1	103.0	23.5	97.3 MHz	12/01/04
	WIXO(FM)	A	178.0	1.5	99.9 MHz	12/01/04
Redding, CA...........	KRRX(FM)	C	600	100.0	106.1 MHz	12/01/05
	KNNN(FM)	C2	465	1.6	99.3 MHz	12/01/05
	KQMS(AM)	C	N/A	1.0	1400 kHz	12/01/05
	KSHA(FM)	C	475	28.0	104.3 MHz	12/01/05
	KRDG(FM)	C1	379	9.9	105.3 MHz	12/01/05
	KNRO(AM)	B	N/A	10.0 daytime 1.0 night	1670 kHz	12/01/05
St. Cloud, MN	KMXK(FM)	C2	150	50.0	94.9 MHz	04/01/05
	WJON(AM)	C	N/A	1.0	1240 kHz	04/01/05
	WWJO(FM)	C	305	97.0	98.1 MHz	04/01/05
	KKSR(FM)	C2	138	50.0	96.7 MHz	04/01/05
	KLZZ(FM)	C3	126	9.0	103.7 MHz	04/01/05
	KXSS(AM)	B	N/A	2.5 daytime 1.0 night	1390 kHz	04/01/05

Market	Station Call Letters	FCC Class	HAAT in Meters	Power in Kilowatts	Frequency	Expiration Date of FCC License
Utica-Rome, NY.....	WODZ(FM)	B1	184	7.4	96.1 MHz	06/01/06
	WLZW(FM)	B	201	25.0	98.7 MHz	06/01/06
	WFRG(FM)	B	151	100.0	104.3 MHz	06/01/06
	WIBX(AM)	B	N/A	5.0	950 kHz	06/01/06
	WRUN(AM)	B	N/A	5.0 daytime 1.0 night	1150 kHz	06/01/06
Watertown, NY	WCIZ(FM)	A	100	6.0	93.3 MHz	06/01/06
	WFRY(FM)	C1	145	97.0	97.5 MHz	06/01/06
	WTNY(AM)	B	N/A	1.0	790 kHz	06/01/06
	WNER(AM)	B	N/A	3.5 daytime 0.04 night	1410 kHz	06/01/06

* Stations indicated with an asterisk (*) are subject to acquisition by us under an existing agreement.

We have subsequently sold those stations indicated with a pound sign (#).

Transfers or Assignment of Licenses. The Communications Act prohibits the assignment or transfer of a broadcast license without the prior approval of the FCC. In determining whether to grant approval, the FCC considers a number of factors pertaining to the licensee (and proposed licensee), including:

- compliance with the various rules limiting common ownership of media properties in a given market, as well as level of market concentration that would result from the proposed transaction;
- the "character" of the licensee and those persons holding "attributable" interests in the licensee; and
- compliance with the Communications Act's limitations on alien ownership as well as compliance with other FCC regulations and policies.

To obtain FCC consent to assign or transfer control of a broadcast license, appropriate applications must be filed with the FCC. If the application involves a "substantial change" in ownership or control, the application must be placed on public notice for not less than 30 days during which time petitions to deny or other objections against the application may be filed by interested parties, including members of the public. Once the FCC grants an application, interested parties may seek reconsideration of that grant for 30 days, after which time the FCC may for another ten days reconsider the grant on its own motion. If the application does not involve a "substantial change" in ownership or control, it is a "pro forma" application. The "pro forma" application is nevertheless subject to having informal objections filed against it. When passing on an assignment or transfer application, the FCC is prohibited from considering whether the public interest might be served by an assignment or transfer of the broadcast license to any party other than the assignee or transferee specified in the application.

Multiple Ownership Rules. The Communications Act, the Telecommunications Act of 1996 and FCC rules impose specific limits on the number of commercial radio stations an entity can own in a single market. These rules preclude us from acquiring certain stations we might otherwise seek to acquire. The rules also effectively prevent us from selling stations in a market to a buyer that has reached its ownership limit in the market. The local radio ownership rules are as follows:

- in markets with 45 or more commercial radio stations, ownership is limited to eight commercial stations, no more than five of which can be either AM or FM;
- in markets with 30 to 44 commercial radio stations, ownership is limited to seven commercial stations, no more than four of which can be either AM or FM;
- in markets with 15 to 29 commercial radio stations, ownership is limited to six commercial stations, no more than four of which can be either AM or FM; and

- in markets with 14 or fewer commercial radio stations, ownership is limited to five commercial stations or no more than 50.0% of the market's total, whichever is lower, and no more than three of which can be either AM or FM.

The FCC has, for several years, followed a practice of reviewing proposed transactions based on the degree of concentration that would result from such transactions in the market for radio advertising revenue. The FCC has recently undertaken a comprehensive review of what, if any, consideration should be given in its review of license transfer applications to issues of market concentration. The outcome of this review and its impact on our business remains uncertain.

In addition to the limits on the number of radio stations that a single owner may own in a particular geographic market, the FCC also has cross-ownership rules which limit or prohibit radio station ownership by the owner of television stations or a newspaper in the same market. The FCC has revised its radio/television cross-ownership rule to allow for greater common ownership of radio and television stations. The revised radio/television cross-ownership rule permits a single owner to own up to two television stations, consistent with the FCC's rules on common ownership of television stations, and one radio station in all markets. In addition, an owner can own additional radio stations, subject to local ownership limits for the market, as follows:

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

- in markets where ten media voices will remain, an owner may own an additional three radio stations.

A "media voice" includes each independently-owned, full power television and radio station and each newspaper, plus one voice for all cable television systems operating in the market. The FCC's broadcast/newspaper cross-ownership rule prohibits the same owner from owning a broadcast station and a daily newspaper in the same geographic market.

The FCC generally applies its ownership limits to "attributable" interests held by an individual, corporation, partnership or other association. In the case of corporations directly or indirectly controlling broadcast licenses, the interests of officers, directors and those who, directly or indirectly, have the right to vote 5.0% or more of the corporation's voting stock are generally attributable. In addition, certain passive investors are attributable if they hold 20.0% or more of the corporation's voting stock.

The FCC also has a rule, known as the equity-debt-plus rule, which causes certain creditors or investors to be attributable owners of a station, regardless of whether there is a single majority shareholder. Under this rule, a major programming supplier or a same-market owner will be an attributable owner of a station if the supplier or owner holds debt or equity, or both, in the station that is greater than 33.0% of the value of the station's total debt plus equity. A major programming supplier includes any programming supplier that provides more than 15.0% of the station's weekly programming hours. A same-market owner includes any attributable owner of a media company, including broadcast stations, cable television, and newspapers, located in the same market as the station, but only if the owner is attributable under an FCC attribution rule other than the equity-debt-plus rule. The attribution rules limit the number of radio stations we may acquire or own in any market and may also limit the ability of certain potential buyers of stations owned by us from being able to purchase some or all of the stations which they might otherwise wish to purchase from us.

Alien Ownership Rules. The Communications Act prohibits the issuance or holding of broadcast licenses by aliens, including any corporation if more than 20.0% of its capital stock is owned or voted by aliens. In addition, the FCC may prohibit any corporation from holding a broadcast license if the corporation is directly or indirectly controlled by any other corporation of which more than 25.0% of the capital stock is owned of record or voted by aliens, if the FCC finds that the prohibition is in the public interest. These restrictions apply in similar fashion to other forms of businesses and organizations, including partnerships and limited liability companies. Our charter provides that our capital stock is subject to redemption by us by action of the Board of Directors to the extent necessary to prevent the loss of any license held by us, including any FCC license.

Time Brokerage. Over the past few years, a number of radio stations have entered into what have commonly been referred to as time brokerage agreements or local marketing agreements. While these agreements may take varying forms, under a typical time brokerage agreement, separately owned and licensed radio stations agree to enter into cooperative arrangements of varying sorts, subject to compliance with the requirements of antitrust laws and with the FCC's rules and policies. Under these arrangements, separately-owned stations could agree to function cooperatively in programming, advertising sales and similar matters, subject to the requirement that the licensee of each station maintain independent control over the programming and operations of its own station. One typical type of time brokerage agreement is a programming agreement between two separately-owned radio stations serving a common service area, whereby the licensee of one station provides substantial portions of the broadcast programming for airing on the other licensee's station, subject to ultimate editorial and other controls being exercised by the latter licensee, and sells advertising time during those program segments.

The FCC's rules provide that a radio station that brokers more than 15.0% of its weekly broadcast time on another station serving the same market will be considered to have an attributable ownership interest in the brokered station for purposes of the FCC's multiple ownership rules. As a result, in a market where we own a radio station, we would not be permitted to enter into a time brokerage agreement with another local radio station in the same market that we could not own under the local ownership rules, unless our programming on the brokered station constituted 15.0% or less of the other local station's programming time on a weekly basis. FCC rules also prohibit a radio station from duplicating more than 25.0% of its programming on another station in the same broadcast service (i.e., AM-AM or FM-FM) through a time brokerage agreement where the brokered and brokering stations which it owns or programs serve substantially the same area.

Programming and Operation. The Communications Act requires broadcasters to serve the public interest. Since 1981, the FCC gradually has relaxed or eliminated many of the more formalized procedures it developed to promote the broadcast of types of programming responsive to the needs of a station's community of license. However, licensees continue to be required to present programming that is responsive to community problems, needs and interests and to maintain records demonstrating such responsiveness. Complaints from listeners concerning a station's programming will be considered by the FCC when it evaluates the licensee's renewal application, although listener complaints may be filed and considered at any time and must be maintained in the station's public file.

Stations also must pay regulatory and application fees and follow various FCC rules that regulate, among other things, political advertising, the broadcast of obscene or indecent programming, the advertisement of casinos and lotteries, sponsorship identification and technical operations, including limits on radio frequency radiation.

The FCC has adopted rules prohibiting employment discrimination by broadcast stations on the basis of race, religion, color, national origin, and gender; and requiring broadcasters to implement programs to promote equal employment opportunities ("EEO") at their stations. The rules generally require broadcast stations to disseminate information about job openings widely so that all qualified applicants, including minorities and women, have an adequate opportunity to compete for the job. These rules were suspended at the beginning of 2001 in response to a January 16, 2001 decision of the Court of Appeals for the District of Columbia that vacated the rules. On December 13, 2001, the FCC sought comments on the new proposed EEO rules. The proposed rules require broadcasters to widely disseminate information about job openings to all segments of the community to ensure that all qualified applicants have sufficient opportunity to apply for the job. The proposed rules require sending job vacancy announcements to recruitment organizations and selecting from a menu of non-vacancy specific outreach approaches such as job fairs, internship programs, and interaction with educational and community groups. Also, broadcasters must file an annual EEO report with the FCC detailing their outreach efforts. Broadcasters with ten or more full-time employees must file a statement with the FCC certifying compliance with the EEO rules in the fourth year of the license term. Broadcasters also must file employment information with the FCC annually for statistical purposes. Until the FCC has issued final rules, the impact of the pending EEO rules are unclear.

The FCC recently issued a decision holding that a broadcast station may not deny a candidate for federal political office a request for broadcast advertising time solely on the grounds that the amount of time requested is not the standard length of time which the station offers to its commercial advertisers. This decision is currently being reconsidered by the FCC. The effect that this FCC decision will have on our programming and commercial advertising is uncertain.

Periodically, we may be required to obtain special temporary authority from the FCC to operate one or more of the stations in a manner different from the licensed parameters so that we can complete scheduled construction or maintenance, or so that we may repair damaged or broken equipment without interrupting service.

Proposed and Recent Changes. Congress and the FCC may in the future consider and adopt new laws, regulations and policies regarding a wide variety of matters that could, directly or indirectly, affect the operation, ownership and profitability of our radio stations, result in the loss of audience share and advertising revenue for our radio stations, and affect our ability to acquire additional radio stations or finance such acquisitions. Such matters include:

- proposals to impose spectrum use or other fees on FCC licensees;
- technical and frequency allocation matters;
- proposals to restrict or prohibit the advertising of beer, wine and other alcoholic beverages;
- changes in the FCC's attribution and multiple ownership policies, including narrowing the definition of the local market for multiple ownership purposes;
- changes to broadcast technical requirements;
- proposals to allow telephone or cable television companies to deliver audio and video programming to the home through existing phone, cable television or other communication lines; and
- proposals to limit the tax deductibility of advertising expenses by advertisers.

The FCC currently is considering standards for evaluating, authorizing, and implementing terrestrial digital audio broadcasting technology, including In-Band On-Channel(TM) technology, for FM radio stations. Digital audio broadcasting's advantages over traditional analog broadcasting technology include improved sound quality and the ability to offer a greater variety of auxiliary services. In-Band On-Channel(TM) technology would permit an FM station to transmit radio programming in both analog and digital formats, or in digital only formats, using the bandwidth that the radio station is currently licensed to use. It is unclear what regulations the FCC will adopt regarding digital audio broadcasting or In-Band On-Channel(TM) technology and what effect such regulations would have on our business or the operations of our radio stations.

On January 20, 2000, the FCC voted to adopt rules creating a new low power FM radio service. The new low power stations will operate at a maximum power of between ten and 100 watts in the existing FM commercial and non-commercial band. Low power stations may be used by governmental and non-profit organizations to provide non-commercial educational programming or public safety and transportation radio services. No existing broadcaster or other media entity, including Regent, will be permitted to have an ownership interest or enter into any program or operating agreement with any low power FM station. During the first two years of the new service, applicants must be based in the area that they propose to serve. Applicants will not be permitted to own more than one station nationwide during the initial two-year period. After the initial two-year period, entities will be allowed to own up to five stations nationwide, and after three years, the limit will be raised to ten stations nationwide. A single person or entity may not own two low power stations whose transmitters are less than seven miles from each other. The authorizations for the new stations will not be transferable. In April 2001, the FCC adopted a third channel interference protection standard, and prohibited any applicant from obtaining a low power FM station who has previously operated a station without a license. The FCC has begun accepting applications and issuing some authorizations for new low power FM stations.

At this time it is difficult to assess the competitive impact of these new stations. Although the new low power stations must comply with certain technical requirements aimed at protecting existing FM radio stations from interference, we cannot be certain of the level of interference that low power stations will cause after they begin operating. Moreover, if low power FM stations are licensed in the markets in which we operate, the low power stations may compete for listeners and advertisers. The low power stations may also limit our ability to obtain new licenses or to modify our existing facilities, or cause interference to areas of existing service that are not protected by the FCC's rules, any of which may have a material adverse affect on our business.

Finally, the FCC has adopted procedures for the auction of broadcast spectrum in circumstances where two or more parties have filed for new or major change applications, which are mutually exclusive. Such procedures may limit our efforts to modify or expand the broadcast signals of our stations.

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

Federal Antitrust Considerations. The Federal Trade Commission and the United States Department of Justice, which evaluate transactions to determine whether those transactions should be challenged under the federal antitrust laws, have been increasingly active recently in their review of radio station acquisitions, particularly where an operator proposes to acquire additional stations in its existing markets.

For an acquisition meeting certain size thresholds, the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules promulgated thereunder, require the parties to file Notification and Report Forms with the Federal Trade Commission and the Department of Justice and to observe specified waiting period requirements before consummating the acquisition. During the initial 30-day period after the filing, the agencies decide which of them will investigate the transaction. If the investigating agency determines that the transaction does not raise significant antitrust issues, then it will either terminate the waiting period or allow it to expire after the initial 30 days. On the other hand, if the agency determines that the transaction requires a more detailed investigation, then, at the conclusion of the initial 30-day period, it will issue a formal request for additional information. The issuance of a formal request extends the waiting period until the 20th calendar day after the date of substantial compliance by all parties to the acquisition. Thereafter, the waiting period may only be extended by court order or with the consent of the parties. In practice, complying with a formal request can take a significant amount of time. In addition, if the investigating agency raises substantive issues in connection with a proposed transaction, then the parties frequently engage in lengthy discussions or negotiations with the investigating agency concerning possible means of addressing those issues, including persuading the agency that the proposed acquisition would not violate the antitrust laws, restructuring the proposed acquisition, divestiture of other assets of one or more parties, or abandonment of the transaction. These discussions and negotiations can be time consuming, and the parties may agree to delay completion of the acquisition during their pendency.

At any time before or after the completion of a proposed acquisition, the Federal Trade Commission or the Department of Justice could take such action under the antitrust laws as it considers necessary or desirable in the public interest, including seeking to enjoin the acquisition or seeking divestiture of the business or other assets acquired. Acquisitions that are not required to be reported under the Hart-Scott-Rodino Act may be investigated by the Federal Trade Commission or the Department of Justice 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.

As part of its increased scrutiny of radio station acquisitions, the Department of Justice has stated publicly that it believes that commencement of operations under time brokerage agreements, local marketing agreements, joint sales agreements and other similar agreements customarily entered into in connection with radio station transfers prior to the expiration of the waiting period under the Hart-Scott-Rodino Act could violate the Hart-Scott-Rodino Act. In connection with acquisitions subject to the waiting period under the Hart-Scott-Rodino Act, so long as the Department of Justice policy on the issue remains unchanged, we would not expect to commence operation of any affected station to be acquired under time brokerage agreement, local marketing agreement or similar agreement until the waiting period has expired or been terminated.

ITEM 2. PROPERTIES.

The types of properties required to support each of our radio stations include offices, studios, transmitter sites and antenna sites. A station's studios are generally housed with its offices in business districts. The transmitter sites and antenna sites are generally located so as to provide maximum market coverage.

We currently own studio facilities in Redding, California; Burton (Flint), Michigan; Lafayette, Louisiana; Pekin (Peoria), Illinois; St. Cloud, Minnesota; Whitesboro (Utica-Rome), New York; and Watertown, New York. We own transmitter and antenna sites in Redding, California; Burton (Flint), Michigan; St. Cloud, Rice, Stearns County and Graham Township (St. Cloud), Minnesota; Whitestown, Deerfield and Kirkland (Utica-Rome), New York; Watertown and Rutland (Watertown), New York; Peoria County and Woodford County (Peoria), Illinois; Lafayette and Abbeville (Lafayette), Louisiana; El Paso, Texas; Albany, New York; and Grand Rapids, Michigan. We expect to acquire additional real estate in connection with our pending transactions. We lease our remaining studio and office facilities, including corporate office space in Covington, Kentucky, and our remaining transmitter and antenna sites. We do not anticipate any difficulties in renewing any facility leases or in leasing alternative or additional space, if required. We own substantially all of our other equipment, consisting principally of transmitting antennae, towers, transmitters, studio equipment and general office equipment.

Substantially all of our personal property and equipment serve as collateral for our obligations under our existing credit facility.

ITEM 3. LEGAL PROCEEDINGS.

We currently and from time to time are involved in litigation incidental to the conduct of our business, but we are not a party to any lawsuit or proceeding that, in our opinion, is likely to have a material adverse effect on us.

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

There were no matters submitted to our security holders during the fourth quarter of the fiscal year ended December 31, 2001.

PART II

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

Shares of our common stock have been quoted on The Nasdaq Stock Market under the symbol RGCI since January 25, 2000 following effectiveness of the registration statement for the initial public offering of our common stock. The following table sets forth, for each of the calendar quarters indicated, the reported high and low sales prices of our common stock as reported in the Nasdaq National Market.

	High	Low
2001		
First quarter	$9.7812	$5.6250
Second quarter	$11.9900	$6.0500
Third quarter	$8.7100	$5.7500
Fourth quarter	$7.3500	$4.8800
2000		
First quarter (commencing January 25, 2000)	$14.2500	$9.3125
Second quarter	$12.5469	$4.5000
Third quarter	$9.1250	$5.1250
Fourth quarter	$7.3750	$3.5000

As of March 11, 2002, there were approximately 373 holders of record of our common stock. The number of record holders was determined from the records of our transfer agent and does not include beneficial owners of common stock whose shares are held in the names of securities brokers, dealers and registered clearing agencies.

We have never declared or paid cash dividends on our common stock and do not intend to do so in the foreseeable future. In addition, our credit agreement with our lenders prohibits the payment of cash dividends on our common stock.

In March 2001, 22,825 shares of our common stock were issued as a stock bonus to certain corporate employees at a price of $7.469 per share. These securities were issued pursuant to the exemptions contained in section 4(2) of the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

In November 2001, 900,000 shares of our common stock at a price of $5.75 per share were issued in a private placement offering, as described below under “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” 200,000 of these shares, sold to a venture capital fund related to one of our independent directors, and the associated cash proceeds, were held in escrow until February 2002, pending confirmation from Nasdaq that stockholder approval would not be required for such sale. These securities were issued pursuant to the exemptions contained in section 4(2) of the Securities Act of 1933, as amended, and Rule 506 of Regulation D promulgated thereunder.

In December 2001, a total of 19,623 shares of our common stock were issued to four former directors of Faircom Inc. at a price of $1.2057 per share upon the exercise of options that were outstanding under the Regent Communications, Inc. Faircom Conversion Stock Option Plan, which provided substitute options for those granted under the Faircom Inc. Stock Option Plan prior to our merger with Faircom Inc. These shares issued on exercise of options were issued pursuant to the exemptions contained in section 4(2) of the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

In December 2001, we issued 215,828 shares of our common stock to the selling corporation in connection with our acquisition of radio stations in Lafayette, Louisiana, as described below under “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” These securities were issued pursuant to the exemptions contained in section 4(2) of the Securities Act of 1933, as amended, and Rule 506 of Regulation D promulgated thereunder.

ITEM 6. SELECTED FINANCIAL DATA.

The selected financial data below should be read in conjunction with our consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this report.

SELECTED CONSOLIDATED FINANCIAL DATA
(In thousands, except per share data)

	YEAR ENDED DECEMBER 31,				
	2001	2000	1999	1998	1997
OPERATING RESULTS (1) (2):					
Net broadcasting revenues	$ 53,745	$ 44,107	$ 23,854	$ 14,772	$ 5,993
Operating (loss) income	(3,078)	831	(612)	(433)	1,015
(Loss) income before income taxes and extraordinary items	(2,378)	14,966	(6,300)	(3,290)	(363)
Extraordinary items (3)	–	(1,114)	(471)	(1,170)	(4,333)
Net (loss) income	(1,713)	13,852	(6,771)	(4,460)	(4,696)
Preferred stock dividend requirements	–	(629)	(5,205)	(2,166)	–
Preferred stock accretion (4)	–	(26,611)	(17,221)	(4,787)	–
Loss applicable to common shares	(1,713)	(13,388)	(29,197)	(11,413)	(4,696)
BASIC AND DILUTED NET LOSS PER COMMON SHARE:					
Loss before extraordinary items	$ (0.05)	$ (0.39)	$ (119.69)	$ (42.67)	$ (1.51)
Extraordinary items	–	(0.03)	(1.96)	(4.88)	(18.06)
Basic and diluted net loss per common share	$ (0.05)	$ (0.42)	$ (121.65)	$ (47.55)	$ (19.57)
Weighted average number of common shares used in basic and diluted calculations	34,218	31,715	240	240	240

	DECEMBER 31,				
	2001	2000	1999	1998	1997
BALANCE SHEET DATA (1) (2):					
Current assets	$ 12,179	$ 12,012	$ 10,329	$ 11,619	$ 1,919
Total assets	306,356	252,733	83,727	67,618	13,010
Current liabilities	6,054	4,902	3,115	13,027	860
Long-term debt and capital leases, less current portion	87,095	45,094	25,331	34,618	21,912
Redeemable preferred stock	–	–	89,265	27,406	–
Total stockholders' equity (deficit)	$ 208,338	$ 198,420	$ (37,810)	$ (10,077)	$(10,182)

(1) Acquisitions in 2001, 2000, 1999 and 1998, affect comparability among years (see Note 2 in Notes to Consolidated Financial Statements).
(2) On June 15, 1998, we acquired, pursuant to an agreement of merger, all of the outstanding common stock of Faircom Inc. for 3,700,000 shares of our Series C convertible preferred stock. The acquisition was treated for accounting purposes as the acquisition of Regent by Faircom under the purchase method of accounting, with Faircom as the accounting acquirer. Consequently, the historical financial statements prior to June 15, 1998, the date of merger, are those of Faircom.
(3) Refer to Management's Discussion and Analysis of Financial Condition and Results of Operations for discussion of 2000 extraordinary item.
(4) Refer to Note 3 of the Notes to Consolidated Financial Statements.

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

Introduction

General

Our company was formed in November 1996 to acquire, own and operate clusters of radio stations in mid-sized and small markets. The proceeds from our January 2000 Initial Public Offering ("IPO") and borrowings from our credit facility have given us the ability to increase our size significantly over the past two years. We currently own and operate 57 radio stations in 12 markets. During the 2001 year, we acquired 17 radio stations in two new markets and two of our existing markets and disposed of three radio stations in one market. We also disposed of one station during the first quarter of 2002. We have agreements to purchase four additional radio stations in two of our existing markets. We began providing programming services to two of our pending radio stations in December 2001, and to the remaining two radio stations in January 2002.

The principal source of our revenue is the sale of broadcasting time on our radio stations for advertising. As a result, our revenue is affected primarily by the advertising rates our radio stations charge. Correspondingly, the rates are based upon a station's ability to attract audiences in the demographic groups targeted by its advertisers, as measured principally by periodic Arbitron Radio Market Reports. In 2001, our radio stations derived approximately 85% of their net broadcast revenues from local and regional advertising in the markets in which they operated, and the remainder resulted principally from the sale of national advertising.

The financial results of our business are seasonal. As is typical in the radio broadcasting industry, our first calendar quarter will be expected to produce the lowest revenues for the year, and the fourth calendar quarter will be expected to produce the highest revenues for the year. Our operating results in any period may be affected by the incurrence of advertising and promotion expenses that do not necessarily produce commensurate revenues until the impact of the advertising and promotion is realized in future periods.

Excluding gains on the sale or exchange of radio stations, we have historically generated net losses, primarily as a result of significant non-cash charges for depreciation and amortization relating to the acquisitions of radio stations and interest charges on outstanding debt. Prior to July 1, 2001, we historically amortized on a straight-line method the FCC licenses and goodwill attributable to substantially all of our radio station acquisitions over a 15- to 40-year period. During 2001, the Financial Accounting Standards Board issued new guidance on purchase accounting and the amortization of intangible assets, which will significantly reduce the amount of non-cash amortization charges we recognize in our financial statements beginning in 2002. Further information regarding this accounting change is included under Effect of Recently Issued Accounting Pronouncements. Based upon the large number of acquisitions we consummated within the last two years, we anticipate that depreciation charges will continue to be significant for several years. To the extent that we complete additional acquisitions, our interest expense and depreciation charges related to property and equipment and other intangible assets are likely to increase.

The performance of a radio station group, such as ours, is customarily measured by its ability to generate broadcast cash flow. The term "broadcast cash flow" means operating income (loss) before depreciation and amortization and corporate general and administrative expenses. Although broadcast cash flow is not a measure of performance calculated in accordance with generally accepted accounting principles, we believe that broadcast cash flow is accepted by the broadcasting industry as a generally recognized measure of performance and is used by analysts who report publicly on the performance of broadcasting companies. Nevertheless, this measure should not be considered in isolation or as a substitute for operating income (loss), net income (loss), net cash provided by (used in) operating activities or any other measure for determining our operating performance or liquidity that is calculated in accordance with generally accepted accounting principles.

Our financial results are dependent on a number of factors, including the general strength of the local and national economies, population growth, the ability to provide popular programming, local market and regional competition, relative efficiency of radio broadcasting compared to other advertising media, signal strength and government regulation and policies. From time to time, the markets in which we operate experience weak economic conditions that may negatively affect our revenue. We believe, however, that this impact is somewhat mitigated by our diverse geographical presence.

September 11, 2001

The effects of the September 11, 2001 terrorist activities had a significant impact on our business during the second half of 2001. At the time of the attacks, we decided the public interest would be best served by the presentation of continuous, commercial-free coverage of the unfolding events on our stations. The resulting loss of revenue, plus the economic uncertainty fueled by the attacks, on top of an already sluggish economy, resulted in reduced earnings during the third and fourth quarters of the year. We were able to recover some of the lost revenues by rescheduling missed spots to later dates. However some of the advertising spots were time sensitive, causing the revenue to be permanently lost. Additionally, revenues were affected as some advertisers' marketing budgets were reduced due to the effect of the terrorist attacks upon their own revenues, and in some cases, advertisers made significant contributions to the September 11 relief funds, further reducing their available advertising dollars. While we don't expect to experience any further impact upon our revenues from the September 11, 2001 attacks, we cannot predict the effect upon our business of future terrorist attacks, if any.

Effect of Recently Issued Accounting Pronouncements

In August 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 addresses the financial accounting and reporting for the impairment or disposal of long-lived assets, including the disposal of a segment of a business. SFAS 144 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. SFAS 144 requires companies to separately report discontinued operations and extends that reporting to a component of an entity that either has been disposed of (by sale, abandonment, or in a distribution to owners) or is classified as held for sale. Furthermore, future operating losses relating to discontinued operations can no longer be recorded before they occur. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. The statement is effective for fiscal years beginning after December 15, 2001, and interim periods within those fiscal years. We have not yet determined the impact, if any, of adopting SFAS 144.

In June 2001, the FASB issued Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" ("SFAS 143") that addresses the recognition of asset retirement obligations. The objective of SFAS 143 is to provide guidance for legal obligations associated with the retirement of tangible long-lived assets. The statement is effective for fiscal years beginning after June 15, 2002. We have not yet determined the impact, if any, of adopting SFAS 143.

In June 2001, the FASB issued Statement of Financial Accounting Standards No. 141, "Business Combinations" ("SFAS 141") and No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). SFAS 141, which became effective on July 1, 2001, eliminated the use of pooling of interests for all business combinations initiated after June 29, 2001 and also established specific criteria for the recognition of intangible assets separate from goodwill. As we have historically reflected acquisitions using the purchase method, we do not believe SFAS 141 will have a significant impact on us. SFAS 142 requires that a company no longer amortize the goodwill and intangible assets determined to have an indefinite life and also requires an annual impairment testing of those assets. SFAS 142 must be adopted in the first quarter of the first fiscal year beginning after December 15, 2001. We will adopt SFAS 142 on January 1, 2002. We are currently evaluating the full impact that SFAS 141 and SFAS 142 will have on our consolidated financial statements, and believe that SFAS 142 could have a material impact on our financial statements, as amortization of goodwill and certain other intangible assets represents a significant expense for us. Amortization expense related to goodwill and indefinite lived intangibles was approximately $10.5 million, $6.4 million, and $2.0 million, respectively, for the years ended December 31, 2001, 2000 and 1999. In addition, upon adoption, we will perform the first of the required impairment tests of goodwill and indefinite lived intangibles and have not yet determined what the effect of these tests will be on our financial position or results of operations.

When amortization of our indefinite lived assets ceases on January 1, 2002, due to the adoption of SFAS 142, the reversal of deferred tax liabilities relating to those intangible assets will no longer be assured within the Company's net operating loss carryforward period. We are in the process of assessing the effects of this pronouncement on the realizability of our deferred tax assets, and a valuation allowance could be required. We have not yet determined the magnitude of this adjustment.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make judgements and estimates that affect the reported amounts of assets, liabilities, revenues, and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, the most significant of which include establishing allowances for doubtful accounts, evaluating the realizability of our deferred tax assets and determining the recoverability of our long-lived assets. The basis for our estimates are historical experience and various assumptions that are believed to be reasonable under the circumstances, given the available information at the time of the estimate, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates under different assumptions and conditions.

We believe the following critical accounting policies affect our more significant judgements and estimates used in the preparation of our consolidated financial statements.

Allowance for Doubtful Accounts – We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. Based on historical information, we believe that our allowance is adequate. However, changes in general economic, business and market conditions could affect the ability of our customers to make their required payments; therefore, the allowance for doubtful accounts is reviewed monthly and changes to the allowance are updated as new information is received.

Deferred Tax Assets - At December 31, 2001, we had a deferred tax asset of approximately $10.8 million, the primary component of which is our net operating loss carryforwards. We believe that at December 31, 2001, these carryforwards are fully realizable due to the existence of certain deferred tax liabilities, primarily related to broadcast licenses and goodwill, that under current accounting guidance, would be expected to reverse during the carryforward period, as well as a tax planning strategy that is available to us. Accordingly, we have not recorded a valuation allowance to reduce our deferred tax assets. The need to record a valuation allowance against our deferred tax assets is reviewed quarterly, and if we were to determine that we would be unable to realize all or a portion of the deferred tax assets in the future, an adjustment to the deferred tax assets would be recorded as expense in the period such determination was made. If our provisions for current or deferred taxes are not adequate, or if laws change unfavorably, we could experience losses in excess of the current or deferred income tax provisions we have established. For discussion regarding the pending adoption of SFAS 142, see Effect of Recently Issued Accounting Pronouncements.

Long-Lived Assets – We have a significant amount of long-lived assets, such as property, equipment, goodwill, FCC licenses and other intangible assets recorded on our balance sheet. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of the asset may not be recoverable. We determine the recoverability of our long-lived assets by comparing the carrying amount of the asset to the estimated undiscounted future net cash flows expected to be generated by the asset. Numerous factors could impact the future cash flows expected to be generated by an asset, including changing listenership patterns, increased competition in the market and future industry trends. If we were to determine a permanent impairment had occurred, a charge would be made against income in the period such determination was made.

Cautionary Statement Concerning Forward-Looking Statements

This Form 10-K includes certain forward-looking statements with respect to our company and its business that involve risks and uncertainties. These statements are influenced by our financial position, business strategy, budgets, projected costs and the plans and objectives of management for future operations. They use words such as "anticipate," "believe," "plan," "estimate," "expect," "intend," "project" and other similar expressions. Although we believe our expectations reflected in these forward-looking statements are based on reasonable assumptions, we cannot assure you that our expectations will prove correct. Actual results and developments may differ materially from those conveyed in the forward-looking statements. For these statements, we claim the protections for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

Important factors that could cause actual results to differ materially from the expectations reflected in the forward-looking statements made in this Form 10-K include changes in general economic, business and market conditions, as well as changes in such conditions that may affect the radio broadcast industry or the markets in which we operate, including, in particular, the impact of the September 11, 2001 tragedy and the war on terrorism, increased competition for attractive radio properties and advertising dollars, fluctuations in the cost of operating radio properties, our ability to manage our growth, our ability to integrate our acquisitions, and changes in the regulatory climate affecting radio broadcast companies. Further information on other factors that could affect the financial results of Regent Communications, Inc. is included in Regent's other filings with the Securities and Exchange Commission. These documents are available free of charge at the Commission's website at http://www.sec.gov and/or from Regent Communications, Inc. The forward-looking statements speak only as of the date on which they are made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date of this Form 10-K. If we do update one or more forward-looking statements, you should not conclude that we will make additional updates with respect to those or any other forward-looking statements.

RESULTS OF OPERATIONS

Following is a discussion of the key factors that have affected our business over the last three years. This commentary should be read in conjunction with our consolidated financial statements and the related footnotes included herein.

2001 Compared to 2000

In 2001 compared to 2000, we experienced increases in net broadcast revenues and station operating expenses, due primarily to our year 2001 acquisition of radio stations in Peoria, Illinois and full year results for our year 2000 acquisitions in Albany, New York and Grand Rapids, Michigan. These increases were partially offset by decreases in the same categories due to the disposition in 2001 of our Palmdale, California radio stations and our year 2000 dispositions of our Flagstaff, Arizona; Mansfield, Ohio; and Victorville, California markets. Accordingly, the results of our operations in 2001 are not comparable to those of the prior period, nor are they necessarily indicative of results in the future. Additionally, our 2001 results were impacted by the events of September 11, 2001, and we cannot predict the effect on our operations, if any, of any future terrorist attacks.

Net Broadcast Revenues, Station Operating Expenses, and Broadcast Cash Flow

Net broadcast revenues, station operating expenses and broadcast cash flow in 2001 increased 21.9%, 27.7% and 9.2%, respectively, over that of the 2000 period. While acquisitions have affected the comparability of our 2001 operating results to those of 2000, we believe meaningful quarter-to-quarter comparisons can be made for results of operations for those markets in which we have been operating for five full quarters, exclusive of any markets disposed of during those years. These comparable results between 2001 and 2000 are listed in the table below by quarter, excluding the effect of barter transactions (dollars in thousands).

	Net Revenue	Broadcast Cash Flow	Number of Markets	Number of Stations
First Quarter 2001	$3,489	$ 777	5	19
First Quarter 2000	$3,198	$ 656		
% change	9.1%	18.4%		
Second Quarter 2001	$8,003	$2,560	8	31
Second Quarter 2000	$7,611	$2,840		
% change	5.2%	(9.8)%		
Third Quarter 2001	$7,511	$2,082	8	34
Third Quarter 2000	$7,498	$2,583		
% change	0.2%	(19.4)%		
Fourth Quarter 2001	$11,528	$3,663	10	44
Fourth Quarter 2000	$12,621	$4,496		
% change	(8.7)%	(18.5)%		

During the second quarter of 2001, same station broadcast cash flow decreased compared to the same period of 2000. The primary reason behind this decrease was increased operating expense, primarily in the area of promotional spending. We believe that investment spending to promote our stations will provide positive long-term revenue growth in our markets. To a lesser extent, higher medical care costs and the new 401(k) match contribution increased operating expenses also. During the third and fourth quarters of 2001, the impacts of the September 11, 2001 terrorist attacks and the poor economy were clearly seen on same station revenue, compared to 2000.

Corporate Expenses

Corporate general and administrative expenses increased from approximately $4.5 million in 2000 to approximately $4.9 million in 2001. Beginning in the second quarter of 2000, we began increasing the size of our infrastructure to meet the demands of supporting a public company whose stock is listed on a national stock market. We believe our corporate structure is now adequate to meet the requirements of a public company, but future acquisitions could result in further expansion of our corporate infrastructure.

Depreciation and Amortization

Depreciation and amortization expense increased by approximately 56.2% from 2000. This is due to a combination of a full year of depreciation and amortization expense for acquisitions that occurred at various times throughout the 2000 year, plus depreciation expense on approximately $5.3 million of depreciable property and equipment additions attributable to station acquisitions in 2001, and to a lesser extent, depreciation on approximately $3.2 million of capital expenditures during 2001.

Interest Expense

Interest expense decreased by approximately 22.5% in 2001 compared to 2000. After removing the effect of approximately $1.5 million of the 2000 interest expense, which was the result of the mark to fair market value of our warrant liability, interest expense increased approximately 20.3%. The increase is due to an average debt level of approximately $47.5 million during 2001 compared to approximately $16.5 million in

2000. Average debt levels were lower in 2000 as we had paid down all our debt with proceeds from the IPO in January 2000 and subsequently did not incur any borrowings under our new credit facility until August 2000. The increase in interest expense was mitigated somewhat by significant decreases in interest rates during 2001. The weighted average interest rates were approximately 3.37% and 8.05% at December 31, 2001 and 2000, respectively.

Gain on the Sale of Radio Stations

On June 1, 2001, we completed the sale of our three stations in Palmdale, California to Concord Media Group, Inc. We recognized a pre-tax gain of approximately $4.4 million on this transaction, which is reflected in the Consolidated Statements of Operations for the year ended December 31, 2001. On August 24, 2000, we completed an exchange agreement entered into with Clear Channel Broadcasting, Inc., Capstar Radio Operating Company and their affiliates, in which we exchanged our eight stations serving the Mansfield, Ohio (2 FM/1 AM) and Victorville, California (3 FM/2 AM) markets plus approximately $80.5 million in cash for ten stations serving the Grand Rapids, Michigan (3 FM/1 AM) and Albany, New York (4 FM/2 AM) markets. As a result of this transaction, we recognized a pre-tax gain on the exchange of approximately $17.8 million, which is reflected in the Consolidated Statements of Operations for the year ended December 31, 2000.

Income Tax Benefit

We recorded an income tax benefit of $665,000 in 2001. This tax benefit represents a 34% federal rate offset by state income taxes and the amortization of intangibles in excess of the amounts that are deductible for tax purposes. We have cumulative federal and state tax loss carryforwards of approximately $40.0 million at December 31, 2001. These loss carryforwards will expire in years 2002 through 2021. The utilization of a portion of these net operating loss carryforwards for federal income tax purposes is limited pursuant to the annual utilization limitations provided under the provisions of Internal Revenue Code Section 382. In arriving at the determination as to the amount of the valuation allowance required for the years ended December 31, 2001 and 2000, we considered the impact of deferred tax liabilities resulting from purchase transactions, statutory restrictions on the use of operating losses, and a tax planning strategy available to us. Consequently, we determined that no valuation allowance was required at December 31, 2001 and 2000. During 2000, we released the entire valuation allowance (see 2000 Compared to 1999). As a result of these events, no income tax expense was recorded in 2000.

Extraordinary Loss

On January 28, 2000, we paid off the outstanding debt from our old credit facility, accrued interest and related fees totaling approximately $25.1 million using proceeds from our IPO. This final paydown resulted in an extraordinary loss of approximately $1.1 million, net of income tax, from the write-off of deferred financing costs.

2000 Compared to 1999

Net Broadcast Revenues, Station Operating Expenses, and Broadcast Cash Flow

In 2000 compared to 1999, we experienced substantial increases in net broadcast revenues, station operating expenses, depreciation and amortization, corporate general and administrative expenses, and interest expense, due primarily to our year 2000 acquisitions of radio stations in El Paso, Texas; Utica-Rome, Watertown and Albany, New York; Grand Rapids, Michigan; and Chico, California; as well as a time brokerage arrangement in St. Cloud, Minnesota. Accordingly, the results of our operations in 2000 are not comparable to those of the prior period, nor are they necessarily indicative of results in the future. Net broadcast revenues, operating expenses and broadcast cash flow in 2000 increased 84.9%, 64.7% and 152.0%, respectively, over that of the 1999 period.

Corporate Expenses

Corporate general and administrative expenses increased from $2.8 million in 1999 to $4.5 million in 2000, reflecting the increased infrastructure required to support a public company whose stock is listed on a national stock market. Corporate personnel increased by approximately 50% from 1999 to 2000. Additionally, we moved into new corporate facilities in the third quarter of 2000 to accommodate the new infrastructure.

Depreciation and Amortization

Due to purchase price allocations of $11.1 million of property and equipment, in addition to $176.2 million of intangible assets from acquisitions in 2000, depreciation and amortization expense increased by approximately 155% compared to 1999 from $3.4 million in 1999 to $8.6 million in 2000. Additionally, for properties acquired in 2000, intangibles were amortized over 20 years rather than 40 years for properties acquired in 1999 and prior years.

Interest Expense

Interest expense decreased by approximately 19% in 2000 compared to 1999 as average debt levels in 2000 were approximately $16.5 million, compared to average debt levels of $39.2 million in 1999. Average debt levels were lower in 2000, as we paid down all our debt with proceeds from the IPO in January 2000, and subsequently did not incur any borrowings until August 2000, when we borrowed $44.0 million under our credit facility. The interest expense savings on the lower debt levels in 2000 were partially offset by increased commitment fees on the unborrowed capacity of our new credit facility.

Gain on the Sale of Radio Stations

On August 24, 2000, we completed an exchange agreement entered into with Clear Channel Broadcasting, Inc., Capstar Radio Operating Company and their affiliates, in which we exchanged our eight stations serving the Mansfield, Ohio (2 FM/1 AM) and Victorville, California (3 FM/2 AM) markets plus approximately $80.5 million in cash for ten stations serving the Grand Rapids, Michigan (3 FM/1 AM) and Albany, New York (4 FM/2 AM) markets. As a result of this transaction, we recognized a gain on the exchange of approximately $17.8 million which is reflected in the Consolidated Statements of Operations for the year ended December 31, 2000.

Income Tax Expense

In 2000, we recognized a gain of approximately $17.8 million on the asset exchange from the Clear Channel transaction. For tax purposes this transaction was treated as a like-kind exchange resulting in a deferred tax liability pursuant to the provisions of Internal Revenue Code Section 1031, of approximately $6.3 million. In arriving at the determination as to the amount of the valuation allowance required for the 2000 year, we considered the impact of deferred tax liabilities resulting from purchase transactions, statutory restrictions on the use of operating losses, and a tax planning strategy available to us. Consequently, we determined that no valuation allowance was required for 2000 and released the full valuation allowance. As a result of these events, no income tax expense was recorded in 2000. In 1999, we established a valuation allowance against our deferred tax assets following an assessment of the realizability of such amounts and consequently did not record any income tax credit on the $6.3 million recorded pretax loss.

Extraordinary Loss

On January 28, 2000, we paid off the outstanding debt from our old credit facility, accrued interest and related fees totaling approximately $25.1 million using proceeds from our IPO. This final paydown resulted in an extraordinary loss of approximately $1.1 million, net of income tax, from the write-off of deferred financing costs.

Liquidity and Capital Resources

Our cash and cash equivalents balance at December 31, 2001 was approximately $1.8 million compared to approximately $778,000 at December 31, 2000. Net cash provided by operating activities was approximately $8.4 million in 2001 compared to approximately $3.1 million in 2000. The increase was due primarily to the operating activities of radio stations acquired in 2001 and in the latter part of 2000. Cash flow used in investing activities decreased to approximately $53.2 million in 2001 compared to approximately $148.7 million used in 2000. The decrease is due primarily to fewer acquisitions of radio stations in 2001 compared to 2000, and due to higher proceeds from the disposition of radio stations in 2001. Cash flows provided by financing activities decreased to approximately $45.8 million in 2001 compared to approximately $142.9 million in 2000. During 2001, cash provided by financing activities was the result of debt issued in connection with our 2001 acquisitions and a private placement of securities during the fourth quarter. Cash provided by financing activities in 2000 was primarily the result of net proceeds received from our IPO in January 2000 and borrowings under our credit facility, offset by related cash outflows of stock issuance costs and payments related to the redemption of our preferred stock and associated dividends. Additionally, our 2000 cash flows provided by financing activities was reduced by treasury stock purchases made under our stock buyback program during the year.

Sources of Funds

In 2001, our sources of cash totaled approximately $86.1 million and were derived from a combination of borrowings under our credit facility; net proceeds from the sale of our stations in Palmdale, California; cash provided from operating activities, and; net proceeds from the issuance of common stock in a private placement offering.

On January 27, 2000, we entered into a new credit facility, which is a $125.0 million senior secured seven-year reducing revolving facility, that also provided for an additional $50.0 million on substantially the same terms, to fund future acquisitions, subject to terms and conditions of the credit agreement. This additional $50.0 million borrowing capability expired unused on January 27, 2002. This credit facility permits the borrowing of available credit for working capital requirements and general corporate purposes, including transaction fees and expenses, and to fund pending and permitted future acquisitions. The credit facility also permits us to request from time to time that the lenders issue letters of credit in an amount up to $25.0 million in accordance with the same lending provisions. The commitment, and our maximum borrowings, will reduce over five years beginning in 2002 as follows (in thousands):

December 31,	Commitment Amount
2001	$125,000
2002	106,250
2003	87,500
2004	62,500
2005	37,500
2006	-0-

The $25.0 million letter of credit sub-limit also reduces proportionately but not below $15.0 million. Mandatory prepayments and commitment reductions are also required from certain asset sales, subordinated debt proceeds, excess cash flow amounts and sales of equity securities.

Under the credit facility, we are required to maintain a minimum interest rate coverage ratio, minimum fixed charge coverage ratio, maximum corporate overhead, and maximum financial leverage ratio and to observe negative covenants customary for facilities of this type. During 2002, we believe that the financial leverage ratio covenant will be the most difficult to satisfy due to the inclusion of the results of operations for the third and fourth quarters of 2001 in such calculation. These results were severely negatively impacted by the September 11, 2001 attacks. Although our continued compliance with these financial covenants is subject to future operating results that we cannot predict with certainty, we have the ability to implement certain strategies to increase cash flow provided by operations or reduce cash flow used in investing and financing activities, if needed, to help mitigate this risk. Accordingly, Regent expects that it will meet all of the credit facility covenants during 2002, although there can be no assurances in this regard. Borrowings under our credit facility bear interest at a rate equal to, at our option, either (a) the higher of the rate announced or published publicly from time to time by the agent as its corporate base of interest or the Overnight Federal Funds Rate plus 0.5%, in either case plus the applicable margin determined under the credit facility, or (b) the reserve-adjusted Eurodollar Rate plus the applicable margin which varies between 1.25% and 2.75% depending upon our financial leverage. Borrowings under the credit facility bore interest at an average rate of 3.37% as of December 31, 2001. We are required to pay certain fees to the agent and the lenders for the underwriting commitment, administration and use of the credit facility. Our indebtedness under the credit facility is collateralized by liens on substantially all of our assets and by a pledge of our operating and license subsidiaries' stock and is guaranteed by these subsidiaries. As of March 11, 2002, we had borrowings under this facility of approximately $84.6 million.

On June 1, 2001, we completed the sale of our Palmdale, California radio stations to Concord Media Group, Inc. and received net proceeds of approximately $13.4 million. These proceeds were used to reduce outstanding borrowings on the credit facility.

On November 26, 2001, we completed a private placement offering of 900,000 shares of our common stock at $5.75 per share (See Note 5 in Notes to Consolidated Financial Statements). 200,000 of these shares, sold to a venture capital fund related to one of our independent directors, and the associated cash proceeds, were held in escrow until February 2002, pending confirmation from Nasdaq that stockholder approval would not be required for such sale. The proceeds from the private placement were used to partially fund the acquisition of our radio stations in Lafayette, Louisiana.

On March 12, 2002, we completed the disposition of substantially all the operating assets of WGNA-AM, serving the Albany, New York market, for $2.0 million in cash to ABC, Inc. On February 15, 2002, ABC, Inc. began providing programming and other services to the station under a time brokerage agreement. We anticipate recognizing a gain on the sale of approximately $0.5 million. The proceeds from the sale of the station will be used to pay down borrowings under our credit facility.

Uses of Funds

In 2001, we utilized our sources of cash primarily to acquire radio stations totaling approximately $63.0 million, to pay escrow payments for pending acquisitions of $440,000, and to repay approximately $18.5 million of borrowings under our credit facility. Additionally in 2001, we funded capital expenditures of approximately $3.2 million to upgrade our equipment and facilities, primarily at stations recently acquired, in order to remain competitive and to create cost savings over the long term. We expect capital expenditures to be approximately $4.0 million in 2002 due primarily to scheduled expenditures at the radio stations we acquired in 2001 and the correlating increase in the size of our infrastructure.

Pending Sources and Uses of Funds

On July 27, 2001, we entered into an agreement, as amended, to acquire by merger with The Frankenmuth Radio Co., Inc. WZRZ-FM serving the Flint, Michigan market for approximately $2.0 million, consisting of approximately $0.6 million in cash and 208,905 shares of our common stock, valued at approximately $1.4 million. We made an escrow deposit in 2001 in the amount of $125,000 to secure our obligations under this agreement. The Federal Communications Commission has approved the assignment of the station licenses, and we anticipate closing this acquisition in 2003. On January 1, 2002 we began providing programming and other services to the station under a time brokerage agreement. We anticipate using borrowings from our credit facility to fund the cash portion of this acquisition.

Also on July 27, 2001, we entered into an agreement, as amended, to purchase the outstanding stock of Haith Broadcasting Corporation, owner of WFGR-FM serving the Grand Rapids, Michigan market for approximately $3.9 million in cash. We have made an escrow deposit in the amount of $250,000 to secure our obligations under this agreement. In conjunction with the above stock purchase, on February 4, 2002, we purchased the option to buy WFGR-FM from Connoisseur Communications of Flint, L.L.P. for approximately $1.1 million, paid by the issuance of 174,917 shares of our common stock. The Federal Communications Commission has approved the assignment of the station licenses of WFGR-FM, and we anticipate closing this acquisition in 2003. On January 1, 2002, we began providing programming and other services to the station under a time brokerage agreement. We anticipate using borrowings from our credit facility to fund the cash portion of this acquisition.

On November 15, 2001, we entered into an agreement with Covenant Communications Corporation to acquire substantially all of the assets of WRXF-FM and WLSP-AM, serving the Flint, Michigan market, for approximately $1.3 million in cash. We placed in escrow $65,000 to secure our obligations under the agreement. Applications seeking approval from the Federal Communications Commission for the assignment of the station licenses were filed in November 2001, and are currently pending. On December 3, 2001, we began providing programming and other services to the stations under a time brokerage agreement. We anticipate using borrowings from our credit facility to fund this acquisition.

In March 2002, we anticipate filing an Omnibus Shelf Registration to offer, at our discretion, a variety of stock and/or debt securities, with a maximum aggregate offering amount of $250 million. Proceeds received from the above offering, if any, would be used to pay down borrowings under the credit facility and/or fund future acquisitions.

We believe the cash generated from operations, available borrowings under our credit facility, and/or various other sources of funds that may be available to us, will be sufficient to complete our pending acquisitions and to meet our requirements for corporate expenses and capital expenditures for the foreseeable future, based on our projected operations and indebtedness. After giving effect to all pending asset and equity transactions and the subsequent sale of WGNA-AM, the outstanding borrowings under our credit facility would be approximately $88.8 million with available borrowings of approximately $36.2 million, subject to the terms and conditions of the credit facility.

We have no off-balance sheet financing arrangements with related or unrelated parties, and no unconsolidated subsidiaries. Contractual obligations related to our credit facility and other long-term debt, capital leases and operating leases are summarized below (in thousands). Under the terms of our credit facility, our maximum borrowings will reduce over five years, beginning in 2002. Based upon our outstanding borrowings at December 31, 2001, the payments detailed below under Long-term Debt would be required to maintain compliance with our credit facility.

	Payments Due by Period				
Contractual Obligation	Total	One year or less	Two to three years	Four to five years	Thereafter
Long-term Debt	$87,079	$ 60	$24,189	$62,830	$ -0-
Capital Leases	124	48	70	6	-0-
Operating Leases	10,544	1,221	2,080	1,766	5,477
Total Contractual Cash Obligations	$97,747	$ 1,329	$26,339	$64,602	$ 5,477

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are exposed to the impact of interest rate changes as borrowings under our credit facility bear interest at variable interest rates. It is our policy to enter into interest rate transactions only to the extent considered necessary to meet our objectives. As of December 31, 2001, we have not employed any financial instruments to manage our interest rate exposure. Based on our exposure to variable rate borrowings at December 31, 2001, a one percent change in the weighted average interest rate would change the Company's annual interest expense by approximately $866,000.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Regent Communications, Inc.
Index to Financial Statements

All other schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements and notes thereto.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Stockholders and Board of Directors of Regent Communications, Inc.:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Regent Communications, Inc. and its subsidiaries (the "Company") at December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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.

/s/ PRICE WATERHOUSE COOPERS LLP

Cincinnati, Ohio
March 13, 2002

REGENT COMMUNICATIONS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	YEAR ENDED DECEMBER 31,		
	2001	2000	1999
Gross broadcast revenues	$ 59,339	$ 48,324	$ 25,613
Less agency commissions	5,594	4,217	1,759
Net broadcast revenues	53,745	44,107	23,854
Station operating expenses	38,530	30,173	18,325
Depreciation and amortization	13,436	8,602	3,368
Corporate general and administrative expenses	4,857	4,501	2,773
Operating (loss) income	(3,078)	831	(612)
Interest expense	(3,279)	(4,229)	(5,249)
Gain (loss) on exchange/sale of radio stations	4,444	17,504	(602)
Other (expense) income, net	(465)	860	163
(Loss) income before income taxes and extraordinary items	(2,378)	14,966	(6,300)
Income tax benefit	665	–	–
(Loss) income before extraordinary items	(1,713)	14,966	(6,300)
Extraordinary loss from debt extinguishment, net of taxes	–	(1,114)	(471)
NET (LOSS) INCOME	$ (1,713)	$ 13,852	$ (6,771)
LOSS APPLICABLE TO COMMON SHARES:			
Net (loss) income	$ (1,713)	$ 13,852	$ (6,771)
Preferred stock dividend requirements	–	(629)	(5,205)
Preferred stock accretion	–	(26,611)	(17,221)
Loss applicable to common shares	$ (1,713)	$(13,388)	$(29,197)
BASIC AND DILUTED LOSS PER COMMON SHARE:			
Loss before extraordinary items	$ (0.05)	$ (0.39)	$(119.69)
Extraordinary items	–	(0.03)	(1.96)
Net loss per common share	$ (0.05)	$ (0.42)	$(121.65)
Weighted average number of common shares used in basic and diluted calculation	34,218	31,715	240

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

REGENT COMMUNICATIONS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)

	DECEMBER 31, 2001	DECEMBER 31, 2000
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,765	$ 778
Accounts receivable, net of allowance of $719 and $403 at December 31, 2001 and 2000, respectively	9,772	10,639
Other current assets	642	595
Total current assets	12,179	12,012
Property and equipment, net	25,817	20,716
Intangible assets, net	266,420	217,897
Other assets, net	1,940	2,108
Total assets	$306,356	$ 252,733
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 2,044	$ 1,672
Accrued compensation	1,000	932
Other current liabilities	3,010	2,298
Total current liabilities	6,054	4,902
Long-term debt, less current portion	87,019	45,010
Other long-term liabilities	75	84
Deferred taxes	4,870	4,317
Total liabilities	98,018	54,313
Commitments and Contingencies (Note 11)		
Stockholders' equity:		
Common stock, $.01 par value, 100,000,000 shares authorized; 36,948,362 and 35,158,349 shares issued at December 31, 2001 and 2000, respectively	369	352
Treasury shares, 1,308,173 and 1,363,752 shares, at cost at December 31, 2001 and 2000, respectively	(6,757)	(7,063)
Additional paid-in capital	270,694	259,386
Retained deficit	(55,968)	(54,255)
Total stockholders' equity	208,338	198,420
Total liabilities and stockholders' equity	$306,356	$ 252,733

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

REGENT COMMUNICATIONS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	YEAR ENDED DECEMBER 31, 2001	2000	1999
Cash flows from operating activities:			
Net (loss) income	$ (1,713)	$ 13,852	$ (6,771)
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:			
Depreciation and amortization	13,436	8,602	3,368
Provision for doubtful accounts	822	725	390
Non-cash interest expense	283	1,579	1,576
Non-cash charge for debt extinguishments	–	1,114	471
Non-cash charge for compensation	491	–	–
(Gain) loss on sale of radio stations	(4,444)	(17,504)	477
Loss on sale of fixed assets and other	160	–	–
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	(328)	(6,249)	(1,481)
Other assets	(107)	(358)	(36)
Current and long-term liabilities	(803)	(2,940)	(372)
Deferred taxes	553	4,317	–
Net cash provided by (used in) operating activities	8,350	3,138	(2,378)
Cash flows from investing activities:			
Acquisitions of radio stations, net of cash acquired, and escrow Deposits on pending acquisitions	(63,450)	(148,940)	(27,533)
Capital expenditures	(3,161)	(1,719)	(1,978)
Net proceeds from sale of radio stations	13,393	2,000	13,999
Proceeds from sale of fixed assets	27	–	–
Net cash used in investing activities	(53,191)	(148,659)	(15,512)
Cash flows from financing activities:			
Proceeds from issuance of redeemable convertible preferred stock	–	–	41,754
Proceeds from issuance of common stock	4,068	156,939	–
Proceeds from long-term debt	60,500	48,500	16,500
Principal payments on long-term debt	(18,491)	(28,824)	(26,704)
Payment of notes payable	–	–	(7,500)
Payment for deferred financing costs	–	(1,904)	(427)
Payment of issuance costs	(249)	(11,606)	(2,802)
Treasury stock purchases	–	(7,063)	–
Dividends paid on all series of preferred stock	–	(8,153)	–
Redemption of Series B preferred stock	–	(5,000)	–
Net cash provided by financing activities	45,828	142,889	20,821
Net increase (decrease) in cash and cash equivalents	987	(2,632)	2,931
Cash and cash equivalents at beginning of period	778	3,410	479
Cash and cash equivalents at end of period	$ 1,765	$ 778	$ 3,410
Supplemental schedule of non-cash investing and financing activities:			
Common stock issued in conjunction with the acquisitions of radio stations	$ 7,459	$ 3,537	$ –
Supplemental data:			
Cash paid for interest	$ 3,077	$ 2,115	$ 4,272
Cash paid for income taxes	$ 128	$ –	$ –

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

REGENT COMMUNICATIONS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
(In thousands, except share amounts)

	Series C and E Convertible Preferred Stock	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Deficit	Total Stockholders' Equity (Deficit)
Balance, December 31, 1998	$ 3,370	$ 2	$ –	$ 3,872	$(17,321)	$ (10,077)
Exercise of stock options on 63,000 shares of Series C convertible preferred stock	314	–	–	(172)	–	142
Dividends and accretion on mandatorily redeemable convertible preferred stock	–	–	–	(3,700)	(13,859)	(17,559)
Beneficial conversion feature related to issuance of redeemable convertible preferred stocks	–	–	–	–	(3,545)	(3,545)
Net loss	–	–	–	–	(6,771)	(6,771)
Balance, December 31, 1999	3,684	2	–	–	(41,496)	(37,810)
Issuance of 18,400,000 shares of common stock, net of issuance costs of $12,460	–	184	–	143,756	–	143,940
Issuance of 333,000 shares of common stock in conjunction with acquisitions	–	3	–	3,534	–	3,537
Adjustment of converted redeemable preferred stock to market	–	–	–	–	(26,611)	(26,611)
Purchase of 1,364,000 shares of treasury stock	–	–	(7,063)	–	–	(7,063)
Conversion of Series C and E preferred stock to 3,831,000 shares of common stock	(3,684)	38	–	3,646	–	–
Conversion of Series A,D,F,G,H,K redeemable preferred stock	–	124	–	110,745	–	110,869
Reclassification of liability associated with Series F convertible preferred stock put rights	–	–	–	5,239	–	5,239
Exercise of 34,095 stock options and 100,000 stock warrants	–	1	–	619	–	620
Preferred stock dividends paid	–	–	–	(8,153)	–	(8,153)
Net income	–	–	–	–	13,852	13,852
Balance, December 31, 2000	–	352	(7,063)	259,386	(54,255)	198,420
Issuance of 700,000 shares of common stock, net of issuance costs of $373	–	7	–	3,644	–	3,651
Exercise of 28,059 stock options and 37,230 stock warrants	–	–	–	30	–	30
Issuance of 1,001,969 shares of common stock in conjunction with acquisitions	–	10	–	7,449	–	7,459
Stock bonus award (22,825 shares)	–	–	–	170	–	170
Issuance of 55,579 shares of treasury stock for 401(k) match	–	–	306	15	–	321
Net loss	–	–	–	–	(1,713)	(1,713)
Balance, December 31, 2001	$ –	$ 369	$(6,757)	$270,694	$(55,968)	$ 208,338

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

REGENT COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF ACCOUNTING POLICIES

a. BASIS OF PRESENTATION

Regent Communications, Inc. (including its wholly-owned subsidiaries, the "Company" or "Regent") was formed to acquire, own and operate radio stations in small and medium-sized markets in the United States. On June 15, 1998, the Company acquired, pursuant to an agreement of merger, all of the outstanding common stock of Faircom Inc. ("Faircom"). The acquisition was treated for accounting purposes as the acquisition of the Company by Faircom under the purchase method of accounting, with Faircom as the accounting acquirer. Consequently, the historical financial statements prior to June 15, 1998, the date of merger, are those of Faircom.

b. CONSOLIDATION:

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned. All significant intercompany transactions and balances have been eliminated in consolidation. Certain prior year amounts and balances have been reclassified to conform to the current classifications with no effect on financial results.

c. USE OF ESTIMATES:

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

d. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less.

e. PROPERTY AND EQUIPMENT:

Property and equipment are stated at cost and depreciated on the straight-line basis over the estimated useful life of the assets. Buildings are depreciated over forty years, broadcasting equipment over a six-to-thirteen year life and furniture and fixtures generally over a five-year life. Leasehold improvements are amortized over the shorter of their useful lives or the terms of the related leases. For property and equipment retired or sold, the gain or loss is classified in Other (expense) income, net in the accompanying Consolidated Statements of Operations.

f. INTANGIBLE ASSETS:

Intangible assets consist principally of the value of FCC licenses and the excess of the purchase price over the fair value of net assets of acquired radio stations (goodwill). FCC licenses and goodwill acquired through acquisitions prior to July 1, 2001 have been amortized on a straight-line basis over lives ranging from 15 to 40 years. Non-competition agreements are amortized over the life of the agreement. No amortization expense has been recorded for intangible assets with indefinite lives acquired after July 1, 2001, as defined by Statement of Financial Accounting Standards No. 142 ("SFAS 142") (See Note 13). The Company will implement SFAS 142 beginning January 1, 2002 and will perform the first of the required impairment tests of goodwill and indefinite lived intangibles during the first six months of 2002.

g. LONG-LIVED ASSETS:

Long-lived assets (including property, equipment, goodwill and other intangible assets) are evaluated periodically if events or circumstances indicate a possible inability to recover their carrying amount. Such evaluation is based on various analyses, including cash flows and profitability projections. If future expected undiscounted cash flows are insufficient to recover the carrying amounts of the asset, then an impairment loss is recognized based upon the excess of the carrying value of the asset over the anticipated cash flows on a discounted basis (See Note 13).

h. DEFERRED FINANCING COSTS AND OTHER ASSETS:

Deferred financing costs are generally amortized on a straight-line basis over the term of the related debt. Non-compete agreements are amortized over the terms of the related agreements.

i. CONCENTRATIONS OF CREDIT RISK:

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of accounts receivable. The credit risk is limited due to the large number of customers comprising the Company's customer base and their dispersion across several different geographic areas of the country. The Company also maintains cash in bank accounts at financial institutions where the balance, at times, exceeds federally insured limits.

j. REVENUE RECOGNITION:

Broadcast Revenue

Broadcast revenue for commercial broadcasting advertisements is recognized when the commercial is broadcast.

Barter Transactions

Barter transactions (advertising provided in exchange for goods and services) are reported at the estimated fair value of the products or services received. Revenue from barter transactions is recognized when advertisements are broadcast, and merchandise or services received are charged to expense when received or used. If merchandise or services are received prior to the broadcast of the advertising, a liability (deferred barter revenue) is recorded. If advertising is broadcast before the receipt of the goods or services, a receivable is recorded. Barter revenue was approximately \$3.7 million, \$3.2 million, and \$2.2 million and barter expense was approximately \$3.7 million, \$3.1 million, and \$2.0 million for the years ended December 31, 2001, 2000, and 1999, respectively.

Time Brokerage Agreements

At December 31, 2001, the Company operated two stations under the terms of time brokerage agreements (hereafter referred to as "TBAs"). Revenues and expenses related to such stations are included in operations since the effective dates of the TBAs. Fees paid and received under such TBAs are included in Other (expense) income, net in the accompanying Consolidated Statements of Operations.

k. FAIR VALUE OF FINANCIAL INSTRUMENTS:

Short-Term Instruments

Due to their short-term maturity, the carrying amount of accounts receivable, accounts payable and accrued expenses approximated their fair value at December 31, 2001 and 2000.

Long-Term Debt

The fair value of the Company's long-term debt is estimated based on the current rates offered to the Company for debt of the same remaining maturities. Based on borrowing rates currently available, the fair value of long-term debt approximates its carrying value at December 31, 2001 and 2000.

l. INCOME TAXES:

Deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts based on enacted tax laws and statutory tax rates. Valuation allowances are established when necessary to reduce deferred tax assets to the amount more likely than not to be realized.

m. ADVERTISING AND PROMOTION COSTS:

Costs of media advertising and associated production costs are expensed the first time the advertising takes place.

2. ACQUISITIONS AND DISPOSITIONS

Subsequent Disposition

On March 12, 2002, the Company completed the disposition of substantially all the operating assets of WGNA-AM, serving the Albany, New York market, for $2.0 million in cash to ABC, Inc. On February 15, 2002, ABC, Inc. began providing programming and other services to the station under a time brokerage agreement. The Company anticipates recognizing a gain on the sale of approximately $0.5 million.

Pending Acquisitions

On July 27, 2001, the Company entered into an agreement, as amended, to acquire by merger with The Frankenmuth Radio Co., Inc. WZRZ-FM serving the Flint, Michigan market for approximately $2.0 million, consisting of approximately $0.6 million in cash and 208,905 shares of our common stock, valued at approximately $1.4 million. The Company placed in escrow $125,000 to secure its obligations under this agreement. The Federal Communications Commission has approved the assignment of the station licenses, and the closing of this acquisition is anticipated in 2003. On January 1, 2002, Regent began providing programming and other services to the station under a time brokerage agreement.

Also on July 27, 2001, the Company entered into an agreement, as amended, to purchase the outstanding stock of Haith Broadcasting Corporation, owner of WFGR-FM serving the Grand Rapids, Michigan market for approximately $3.9 million in cash. The Company placed in escrow $250,000 to secure its obligations under this agreement. In conjunction with the above stock purchase, on February 4, 2002 the Company purchased the option to buy WFGR-FM from Connoisseur Communications of Flint, L.L.P. for approximately $1.1 million, paid by the issuance of 174,917 shares of Regent common stock. The Federal Communications Commission has approved the assignment of the station licenses of WFGR-FM, and the closing of this acquisition is anticipated in 2003. On January 1, 2002 Regent began providing programming and other services to the station under a time brokerage agreement.

On November 15, 2001, Regent entered into an agreement with Covenant Communications Corporation to acquire substantially all of the assets of WRXF-FM and WLSP-AM, serving the Flint, Michigan market, for $1.3 million in cash. The Company placed in escrow $65,000 to secure its obligations under this agreement. Applications seeking approval from the Federal Communications Commission for the transfer of the station licenses are currently pending. On December 3, 2001 Regent began providing programming and other services to the stations under a time brokerage agreement.

2001 Acquisitions and Dispositions

On May 9, 2001, the Company completed the acquisition by merger with StarCom, Inc. of one AM and two FM radio stations (KXSS-AM, KKSR-FM and KLZZ-FM) serving the St. Cloud, Minnesota market for approximately $5.0 million in cash. Concurrent with the purchase, the Company entered into a $500,000 non-compete agreement with a former shareholder of StarCom, Inc., to be paid ratably over a five-year period. The purchase was funded from borrowings under Regent's bank credit facility. Prior to the closing of the purchase, the Company provided programming and other services to the stations under a time brokerage agreement, which began in July 2000. The Company has allocated approximately $4.9 million of the purchase price to FCC licenses and approximately $0.1 million to fixed assets.

On June 1, 2001, the Company completed the sale of substantially all the assets of its three radio stations serving the Palmdale, California market (KTPI-FM, KAVC-AM and KOSS-FM) to Concord Media Group, Inc. for approximately $13.5 million in cash. The Company recognized a pre-tax gain of approximately $4.4 million on the sale.

On August 29, 2001, the Company completed an acquisition from Two Petaz, Inc.; WFYR, Inc.; Winston Communications, Inc. of Illinois; and the Cromwell Group, Inc., of (i) substantially all the assets of radio stations WGLO-FM, WPPY-FM, WRVP-FM and WVEL-AM, serving the Peoria, Illinois market, for a purchase price of approximately $14.0 million in cash and (ii) substantially all the assets of radio stations WFYR-FM and WIXO-FM, also serving the Peoria market, in exchange for 786,141 shares of Regent common stock, valued at approximately $6.0 million. Prior to the closing of the purchase, the Company provided programming and other services to the stations under time brokerage agreements, which began in May 2001. The Company has preliminarily allocated approximately $18.4 million of the purchase price to FCC licenses, $10,000 to non-compete agreements and approximately $1.6 million to fixed assets, pending a final independent appraisal.

On October 15, 2001, the Company completed the acquisition of substantially all of the assets of WQHZ-FM (formerly WJET-FM), serving the Erie, Pennsylvania market, from NextMedia Group II, Inc. for $4.9 million in cash. The Company has allocated substantially all of the purchase price to FCC licenses.

On December 8, 2001 the Company completed the acquisition of substantially all of the assets of seven radio stations serving the Lafayette, Louisiana market (KMDL-FM, KRKA-FM, KFTE-FM, KTDY-FM, KPEL-FM, KPEL-AM and KROF-AM) from ComCorp of Lafayette, Inc. and its affiliates for approximately $38.1 million in cash and 215,828 shares of Regent common stock, valued at approximately $1.5 million. The Company has preliminarily allocated approximately $35.7 million of the purchase price to FCC licenses and approximately $3.9 million to fixed assets, pending a final independent appraisal.

2000 Acquisitions and Dispositions

On January 28, 2000, Regent purchased the FCC licenses and related assets used in the operations of radio stations WODZ-FM, WLZW-FM, WFRG-FM, WIBX-AM and WRUN-AM in Utica-Rome, New York and WCIZ-FM, WFRY-FM, WTNY-AM and WNER-AM in Watertown, New York for approximately $43.8 million in cash and 100,000 shares of Regent's common stock. Approximately $40.9 million of the total purchase price was allocated to the FCC licenses and goodwill and the remaining $3.8 million was allocated to property and equipment.

On January 31, 2000, Regent purchased the FCC licenses and related assets used in the operations of radio stations KLAQ-FM, KSII-FM and KROD-AM in El Paso, Texas for approximately $23.5 million in cash. Approximately $21.8 million of the purchase price was allocated to the FCC licenses and goodwill and the remaining $1.7 million of the purchase price was allocated to property and equipment.

On August 24, 2000, Regent completed an exchange agreement entered into with Clear Channel Broadcasting, Inc., Capstar Radio Operating Company and their affiliates (the “Clear Channel transaction”). Under the agreement, Regent exchanged its eight stations serving the Mansfield, Ohio (2 FM/1 AM) and Victorville, California (3 FM/2 AM) markets plus approximately $80.5 million in cash for ten stations serving the Grand Rapids, Michigan (3 FM/1 AM) and Albany, New York (4 FM/2 AM) markets. Approximately $110.1 million of the purchase price was allocated to FCC licenses and goodwill and the remaining $5.2 million of the purchase price was allocated to property and equipment. As a result of this transaction, Regent recognized a gain on this exchange of approximately $17.8 million, which is reflected in the accompanying Consolidated Statements of Operations for the year ended December 31, 2000.

On September 29, 2000, Regent acquired radio station KZAP-FM in Chico, California, by acquiring the stock of KZAP, Inc. in exchange for 233,333 shares of Regent’s common stock with a market value of approximately $2.7 million at March 29, 2000, the date of Regent’s agreement to acquire the station. Approximately $2.4 million of the purchase price was allocated to the FCC licenses and the remaining $0.3 million of the purchase price was allocated to property and equipment. Regent provided programming and other services to KZAP-FM under a time brokerage agreement from December 1, 1999 until the acquisition was completed on September 29, 2000.

Also on September 29, 2000, Regent completed the sale of radio stations KZGL-FM, KVNA-AM and KVNA-FM in Flagstaff, Arizona to Yavapai Broadcasting Corporation for approximately $2.0 million in cash. Regent recognized a note receivable for the purchase price at September 30, 2000, which was collected on October 5, 2000. Yavapai had previously been operating the Flagstaff stations under a time brokerage agreement since May 1, 2000.

1999 Acquisitions and Dispositions

On March 1, 1999, the Company sold the FCC licenses and related assets used in the operations of WSSP-FM in Charleston, South Carolina for approximately $1.6 million in cash. The Company had previously issued a note for $1.5 million to a third party, which was collateralized by the assets of the station. Upon consummation of the sale, the note was repaid. The sale resulted in a $100,000 gain to the Company which has been included in gain (loss) on exchange/sale of radio station in the accompanying Consolidated Statements of Operations for the year ended December 31, 1999.

On May 6, 1999, the Company consummated the acquisition of the FCC licenses and related assets of WJON-AM, WWJO-FM and KMXK-FM in St. Cloud, Minnesota (the "St. Cloud Stations") for approximately $12.7 million in cash. The purchase was financed by approximately $5.1 million in proceeds from the issuance of Series F convertible preferred stock and borrowings under the Company's old credit facility. Approximately $9.1 million of the purchase price was allocated to FCC licenses and goodwill and the remaining $3.6 million was allocated to property and equipment.

On August 1, 1999, the Company sold the FCC licenses and related assets used in the operations of KCBQ-AM in San Diego, California for approximately $6.0 million in cash.

On September 1, 1999, the Company purchased the FCC licenses and related assets used in the operations of radio stations WXKC-FM and WRIE-AM licensed to Erie, Pennsylvania and WXTA-FM licensed to Edinboro, Pennsylvania for approximately $13.5 million in cash. The purchase was financed by approximately $6.3 million in proceeds from the issuance of Series H convertible preferred stock and borrowings under the Company's old credit facility. Approximately $12.4 million of the purchase price was allocated to FCC licenses and goodwill, and the remaining $1.1 million was allocated to property and equipment and to a non-compete agreement.

On October 15, 1999, the Company consummated the sale of the FCC licenses and related assets of KFLG-AM, KFLG-FM, KAAA-AM and KZZZ-FM in Kingman, Arizona for approximately $5.4 million in cash.

On November 5, 1999, the Company sold the FCC licenses and related assets used in the operations of radio stations KRLT-FM and KOWL-AM in Lake Tahoe, California for approximately $1.2 million in cash.

The assets of the Company’s radio stations in Flagstaff, Arizona were sold to Yavapai Broadcasting Corporation in the third quarter of 2000. The Company recorded a loss of approximately $600,000 in the accompanying Consolidated Statements of Operations in 1999 as a gain (loss) on exchange/sale of radio stations.

The Company accounted for all its 2001, 2000 and 1999 acquisitions using the purchase method of accounting. The Company allocated the aggregate purchase price from all acquisitions in 2001 and 2000 as follows (in thousands):

	2001	2000
Property and equipment	$ 5,586	$ 11,105
FCC licenses	63,863	173,474
Non-competition agreements	510	2,686
	$ 69,959	$ 187,265

The fair values of the significant assets acquired were or will be determined by an independent valuation. The results of operations of the acquired businesses are included in the Company's consolidated financial statements since the respective dates of acquisition.

The following unaudited pro forma data summarize the combined results of operations of Regent, together with the operations of the stations acquired in 2001 and 2000, but exclude the operations of stations disposed of and smaller acquisitions that are not material to the results of Regent, as though the acquisitions and dispositions of these operations had occurred on January 1, 2000.

	PRO FORMA (UNAUDITED) (In thousands)	
	2001	2000
Net broadcast revenues	$ 61,043	$ 60,616
Net loss before extraordinary items	(3,469)	(2,618)
Net loss	(3,469)	(3,732)
Net loss per common share before extraordinary items:		
Basic and diluted	$ (0.10)	$ (0.07)
Net loss per common share:		
Basic and diluted	$ (0.10)	$ (0.10)

These unaudited pro forma amounts do not purport to be indicative of the results that might have occurred if the foregoing transactions had been consummated on the indicated dates nor is it indicative of future results of operations.

3. INITIAL PUBLIC OFFERING OF COMMON STOCK

On January 28, 2000, Regent consummated an initial public offering (the "IPO") of 16,000,000 shares of its common stock at an initial offering price of $8.50 per share. On February 7, 2000, the underwriters purchased an additional 2,400,000 shares of Regent's common stock upon exercise of their over-allotment option. Regent received total proceeds from the completion of the offering, net of underwriter discounts, commissions and expenses related to the offering of $143.8 million. Of these proceeds, Regent used: $67.3 million to fund the acquisitions of stations in Utica-Rome, and Watertown, New York and in El Paso, Texas; $27.1 million to pay in full the amounts borrowed, including accrued interest and related fees, under its prior bank credit facility and fees related to its new bank credit facility; $7.3 million to pay or reserve for payment accumulated, unpaid dividends on all series of convertible preferred stock converted into common stock; $5.9 million to redeem all outstanding shares of its Series B convertible preferred stock, including accumulated unpaid dividends; and $1.5 million to repurchase shares of its common stock from an affiliate of one of the underwriters in order to comply with rules of the National Association of Securities Dealers, Inc. Regent used the balance of the proceeds for working capital needs and the Clear Channel transaction.

Also in conjunction with the IPO, Regent required the conversion into common stock on a one-for-one basis of 15,800,000 shares of convertible preferred stock in accordance with the terms of the preferred stock. These shares represented the balance of Regent's outstanding shares of convertible preferred stock. Regent paid accumulated, unpaid dividends on those shares in the total amount of $7.3 million.

Additionally, "put" rights associated with common stock purchase warrants (see Note 5) issued in connection with the issuance of Regent's Series B and Series F convertible preferred stock were terminated. Regent had previously classified approximately $3.7 million in long-term liabilities due to the associated "put" rights of the warrants at December 31, 1999. These warrant liabilities were reclassified to additional paid in capital as of January 28, 2000 along with approximately $1.5 million of non-cash interest expense that had been recorded to account for an increase in the fair value of the warrants from January 1, 2000 to January 28, 2000.

Regent adjusted the carrying values of its Series A, C, D, F, G, H, and K convertible preferred stock to fair value through January 28, 2000. This adjustment was recognized as a charge of $26.6 million to retained deficit (since there was no additional paid-in capital) resulting in an adjustment to loss from continuing operations attributable to common stockholders.

4. LONG-TERM DEBT

Long-term debt consists of the following as of December 31 (in thousands):

	2001	2000
Senior reducing revolving credit facility	$ 86,569	$ 44,500
Subordinated promissory note	510	570
	87,079	45,070
Less: current portion of long-term debt	(60)	(60)
	$ 87,019	$ 45,010

Based upon our outstanding borrowings under the credit facility at December 31, 2001, and the balance of our subordinated promissory note, the payments detailed below would be required to maintain compliance with the maximum borrowings allowed under our credit facility over the next five years (in thousands):

2002	$ 60
2003	60
2004	24,129
2005	25,330
2006	37,500
Thereafter	–
	$ 87,079

Senior Reducing Revolving Credit Facility

On January 27, 2000, Regent Broadcasting, Inc., a wholly-owned subsidiary of Regent Communications, Inc., as the borrower, entered into a credit agreement (the “credit facility”) with a group of lenders which provides for a senior reducing revolving credit facility expiring December 31, 2006 with an initial aggregate revolving commitment of up to $125.0 million (including a commitment to issue letters of credit of up to $25.0 million in aggregate face amount, subject to the maximum revolving commitment available) and an additional revolving loan facility with a maximum aggregate amount of $50.0 million available, subject to the terms of the credit agreement, which would convert, after two years, to a term loan maturing December 31, 2006. This additional $50.0 million borrowing capacity expired unused on January 27, 2002. Regent incurred approximately $2.0 million in financing costs related to this credit facility, which are being amortized over the life of the agreement. The credit facility is available for working capital and acquisitions, including related acquisition expenses. At December 31, 2001 and 2000 there were borrowings of approximately $86.6 million and $44.5 million, respectively, outstanding under this facility and there was approximately $37.4 million and $80.5 million of available borrowings, respectively.

Under the credit facility, the Company is required to maintain a minimum interest rate coverage ratio, minimum fixed charge coverage ratio, maximum corporate overhead, and maximum financial leverage ratio and to observe negative covenants customary for facilities of this type. During 2002, we believe that the financial leverage ratio covenant will be the most difficult to satisfy due to the inclusion of the results of operations for the third and fourth quarters of 2001 in such calculation. These results were severely negatively impacted by the September 11, 2001 attacks. Although our continued compliance with these financial covenants is subject to future operating results that we cannot predict with certainty, we have the ability to implement certain strategies to increase cash flow provided by operations or reduce cash flow used in investing and financing activities, if needed, to help mitigate this risk. Accordingly, Regent expects that it will meet all of the credit facility covenants during 2002, although there can be no assurances in this regard. Borrowings under the credit facility bear interest at a rate equal to, at the Company's option, either (a) the higher of the rate announced or published publicly from time to time by the agent as its corporate base of interest or the Overnight Federal Funds Rate plus 0.5%, in either case plus the applicable margin determined under the credit facility, or (b) the reserve-adjusted Eurodollar Rate plus the applicable margin which varies between 1.25% and 2.75% depending upon the Company's financial leverage. Borrowings under the credit facility bore interest at an average rate of 3.37% and 8.05% as of December 31, 2001 and 2000, respectively. The Company is required to pay certain fees to the agent and the lenders for the underwriting commitment, administration and use of the credit facility. The Company's indebtedness under this credit facility is collateralized by liens on substantially all of its assets and by a pledge of its operating and license subsidiaries' stock and is guaranteed by these subsidiaries.

Prior to the credit facility, the Company had an agreement with a group of lenders ("the old credit facility") which provided for a senior reducing revolving credit facility with a commitment of up to $55.0 million expiring in March 2005. On January 28, 2000, Regent paid off the outstanding debt, accrued interest and related fees totaling approximately $25.1 million under the old credit facility. The pay-off was completed using proceeds from an initial public offering of Regent's common stock, which was completed on January 28, 2000. This final paydown resulted in an extraordinary loss of approximately $1.1 million, net of income tax, from the write-off of deferred financing costs, which is included in the Consolidated Statements of Operations for the year ended December 31, 2000.

5. CAPITAL STOCK, REDEEMABLE PREFERRED STOCK AND PREFERRED STOCK

In conjunction with the IPO, the Company redeemed 1,000,000 shares of its Series B convertible preferred stock, which constituted all outstanding shares of that series. Also in conjunction with the IPO, Regent required the conversion into common stock on a one-for-one basis of approximately 15,800,000 shares of convertible preferred stock in accordance with the terms of the preferred stock. These shares represented the balance of Regent's outstanding shares of convertible preferred stock. Additionally, "put" rights associated with common stock purchase warrants issued in connection with the issuance of Regent's Series B and Series F convertible preferred stock were terminated.

The Company's authorized capital stock consists of 100,000,000 shares of common stock and 40,000,000 shares of preferred stock. No shares of preferred stock were issued at December 31, 2001 or 2000. Of the authorized but unissued preferred stock, 620,000 shares were previously designated as Series A convertible preferred stock ("Series A"), 1,000,000 shares as Series B senior convertible preferred stock ("Series B"), 4,000,000 shares as Series C convertible preferred stock ("Series C"), 1,000,000 shares as Series D convertible preferred stock ("Series D"), 5,000,000 shares as Series E convertible preferred stock ("Series E"), 4,100,000 shares as Series F convertible preferred stock ("Series F"), 1,800,000 shares as Series G convertible preferred stock ("Series G"), 2,200,000 shares as Series H convertible preferred stock ("Series H") and 4,100,000 shares of Series K convertible preferred stock ("Series K"). 16,180,000 shares of the Company's preferred stock have no previous series or designation.

On March 20, 2001, the Company issued 37,230 shares of Regent common stock to River Cities Capital Fund Limited Partnership upon the exercise in full, on a cashless "net issue" basis, of outstanding warrants which provided for the purchase of a total of 100,000 shares of our common stock at $5.00 per share. These warrants had been issued in 1998 in connection with the issuance of Series B and F convertible preferred stock, which converted to our common stock in January 2000. The remaining warrants, previously issued in connection with the Series A, B, and F convertible preferred stock, entitling the holders to purchase a total of 790,000 shares of Regent's common stock at $5.00 per share with a five year expiration, remain outstanding.

On March 26, 2001, Regent issued 22,825 shares of its common stock valued at approximately $7.469 per share as a stock bonus to certain corporate employees.

On August 29, 2001, the Company issued 786,141 shares of Regent common stock to a stockholder of the selling corporations in connection with the acquisition of six radio stations in Peoria, Illinois.

On November 26, 2001, Regent issued 900,000 shares of its common stock at a price of $5.75 per share in a private placement offering to qualified investors. 200,000 of the shares, sold to a venture capital fund related to one of the Company's independent directors, and the associated cash proceeds, were held in escrow until February 2002, pending confirmation from Nasdaq that stockholder approval would not be required for such sale.

On December 4, 2001, options to purchase 19,623 shares of Regent common stock were exercised by four former directors of Faircom, Inc. at a price of $1.2057 per share. The options were issued under the Regent Communications, Inc. Faircom Conversion Stock Option Plan, which provided substitute options for those granted under the Faircom Inc. Stock Option Plan prior to the Company's merger with Faircom Inc.

On December 8, 2001, the Company issued 215,828 shares of its common stock to the selling corporation in connection with the acquisition of seven radio stations in Lafayette, Louisiana.

At various times throughout the 2001 year, three employees exercised a total of 2,500 stock options in exchange for shares of Regent common stock at exercise prices between $5.00 and $5.50 per share.

On January 28, 2000, Regent issued 100,000 shares valued at $8.50 per share of its common stock to principals of the sellers in conjunction with the acquisition of stations in the Utica-Rome and Watertown, New York markets.

On March 20, 2000, Regent received $500,000 in cash and issued 100,000 shares of its common stock to CFE, Inc. upon the exercise of outstanding warrants issued in 1998 in connection with the issuance of Series B and F convertible preferred stock to its affiliate, General Electric Capital Corporation.

On September 29, 2000 Regent issued 233,333 shares of its common stock to a principal of the seller in conjunction with the acquisition of radio station KZAP-FM in Chico, California. The total value of the acquisition was approximately $2.7 million.

Based on the approval by Regent's Board of Directors of a program to buyback up to $10.0 million of its common stock, during the third quarter of 2000, Regent began buying back shares of its common stock at certain market price levels. Regent acquired a total of 1,088,600 shares of its common stock for an aggregate purchase price of approximately $5.6 million in 2000. No shares were repurchased during 2001. In 2001, Regent reissued 55,579 shares of treasury stock previously acquired as an employer match to employee contributions under the Company's 401(k) plan.

In connection with the IPO, the Company converted the remaining shares of Series C and E convertible preferred stock into common stock on a one-for-one basis. The Company recognized approximately $27.2 million of preferred stock dividends and accretion from January 1, 2000 through the date of the IPO.

6. STOCK-BASED COMPENSATION PLANS

1998 Management Stock Option Plan

The Regent Communications, Inc. 1998 Management Stock Option Plan, as amended (the "1998 Stock Option Plan") provides for the issuance of up to an aggregate of 4,000,000 common shares in connection with the issuance of incentive stock options ("ISO's") and non-qualified stock options ("NQSO's"). The Compensation Committee of the Company's Board of Directors determines eligibility. The exercise price of the options is to be not less than the fair market value of the underlying common stock at the grant date and in the case of ISO's granted to a 10% owner (as defined), the exercise price must be at least 110% of the fair market value of the underlying common stock at the grant date. Under the terms of the 1998 Stock Option Plan, the options expire no later than ten years from the date of grant in the case of ISO's (five years in the case of ISO's granted to a 10% owner), no later than ten years and one day in the case of NQSO's, or earlier in either case in the event a participant ceases to be an employee of the Company. The ISO's vest ratably over a five-year period and the NQSO's vest ratably over periods ranging from three to ten years.

Upon consummation of the Faircom merger, the Board of Directors of the Company adopted the Regent Communications, Inc. Faircom Conversion Stock Option Plan ("Conversion Stock Option Plan") which applies to those individuals previously participating in the Faircom Inc. Stock Option Plan ("Faircom Plan"). In exchange for relinquishing their options under the Faircom Plan, five former officers and members of Faircom's Board of Directors were given, in total, the right to acquire 274,045 shares of the Company's common stock at exercise prices ranging from $0.89 to $3.73 per share and expiring from May 11, 1999 to July 1, 2002 (the "Converted Options").

2001 Directors' Stock Option Plan

The Regent Communications, Inc. 2001 Directors' Stock Option Plan (the "2001 Directors' Option Plan") provides for the issuance of up to an aggregate of 500,000 common shares in connection with the issuance of NQSO's. Grants in the amount of 10,000 shares are awarded initially to each new outside Director at the date of his first attendance at a meeting of the Board of Directors, and thereafter, on each one year anniversary date of the first attendance at a meeting of the Board of Directors, each outside Director will be automatically granted a further option to purchase 5,000 shares. The exercise price of the options is to be equal to the fair market value of the underlying common stock at the date of grant. Under the terms of the 2001 Directors' Option Plan, the options are exercisable six months from the date of grant and expire ten years from the date of grant.

The Company applies the provisions of APB Opinion 25, "Accounting for Stock Issued to Employees" ("APB 25"), in accounting for the 1998 Stock Option Plan and the 2001 Directors' Option Plan. Under APB 25, no compensation expense is recognized for options granted to employees or Directors at exercise prices that are equal to or greater than the fair market value of the underlying common stock at the grant date. Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), requires the Company to provide, beginning with 1995 grants, pro forma information regarding net income (loss) and net income (loss) per common share as if compensation costs for the Company's stock option plans had been determined in accordance with the fair value based method prescribed in SFAS 123. Such pro forma information is as follows for the years ended December 31: (In thousands, except per share amounts)

	(unaudited)		
Net (loss) income:	2001	2000	1999
As reported	$ (1,713)	$ 13,852	$ (6,771)
Pro forma compensation expense, net of tax benefit	(1,409)	(720)	(544)
Pro forma	$ (3,122)	$ 13,132	$ (7,315)
Pro forma applicable to common shares	$ (3,122)	$ (14,108)	$ (29,741)
Basic and diluted net loss per common share:			
As reported	$ (0.05)	$ (0.42)	$ (121.65)
Pro forma	$ (0.09)	$ (0.44)	$ (123.92)

The weighted-average fair value per share for options granted under the 1998 Stock Option Plan and 2001 Directors' Option Plan was $4.10, $3.42 and $2.88 for ISO's in 2001, 2000 and 1999, respectively, and $4.12, $3.71 and $2.69 for NQSO's in 2001, 2000 and 1999, respectively. The weighted-average fair value for options granted under the Conversion Stock Option Plan was approximately $230,000 and such amount was recognized at the time of conversion since the Converted Options are fully vested. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2001		2000		1999	
	ISOs	NQSOs	ISOs	NQSOs	ISOs	NQSOs
Dividends	None	None	None	None	None	None
Volatility	55.1%	55.1%	36.0%	36.0%	35.0%	35.0%
Risk-free interest rate	5.11%	5.12%	6.51%	6.88%	5.56%	5.58%
Expected term	5 years	5 years	5 years	5 years	10 years	5 years

Presented below is a summary of the status of outstanding Company stock options issued to employees and Directors:

	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Company options held by employees		
At December 31, 1998	1,595,533	$4.61
Granted	317,678	$5.05
Exercised	(62,713)	$2.73
Forfeited/expired	(10,000)	$2.73
Company options held by employees		
At December 31, 1999	1,840,498	$4.76
Granted	179,500	$7.23
Exercised	(34,095)	$1.11
Forfeited/expired	(7,500)	$6.56
Company options held by employees		
At December 31, 2000	1,978,403	$5.04
Granted	672,750	$7.73
Exercised	(28,468)	$1.65
Forfeited/expired	(13,000)	$5.25
Company options held by employees		
At December 31, 2001	2,609,685	$5.77

The following table summarizes the status of Company options outstanding and exercisable at December 31, 2001 under the 1998 Stock Option Plan, the Conversion Stock Option Plan, and the 2001 Directors' Option Plan:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
EXERCISE PRICE	SHARES	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
$6.39 - $7.83	836,750	9.3	$7.65	217,800	$7.70
$5.00 - $5.50	1,621,666	6.7	$5.01	1,162,907	$5.01
$0.88 - $3.73	151,269	0.5	$3.53	151,269	$3.53
	2,609,685			1,531,976	

Of the options outstanding at December 31, 2001, it is anticipated that no more than approximately 1,231,666 will be treated as NQSO's and at least 1,378,029 will be treated as ISO's.

There were options exercisable into common stock of 1,531,976, 808,884, and 331,163 shares at weighted average exercise prices of $5.24, $5.18 and $5.00 per share at December 31, 2001, 2000, and 1999, respectively.

As of December 31, 2001, the stock options granted under the 1998 Stock Option Plan entitle the holders to purchase 2,303,416 shares of the Company's common stock. Stock options granted under the Conversion Stock Option Plan entitle the holders to purchase 151,269 shares of the Company's common stock and stock options granted under the 2001 Directors' Option Plan entitle the holders to purchase 155,000 shares of the Company's common stock.

7. EARNINGS PER SHARE

Statement of Financial Accounting Standards No. 128 (“SFAS 128”) calls for the dual presentation of basic and diluted earnings per share ("EPS"). Basic EPS is calculated by dividing net income by the weighted average number of common shares outstanding during the reporting period. The calculation of diluted earnings per share is similar to basic except that the weighted average number of shares outstanding includes the additional dilution that would occur if potential common stock, such as stock options or warrants, were exercised. The effects of the assumed exercise of 2,609,685 outstanding options and 790,000 warrants to purchase shares of common stock are excluded from the calculations of diluted net loss per share at December 31, 2001, as their effect was anti-dilutive.

The following table sets forth the computation of basic and diluted net loss per share for the periods indicated (in thousands except per share data):

	YEAR ENDED DECEMBER 31,		
	2001	2000	1999
Net (loss) income before extraordinary items	$ (1,713)	$ 14,966	$ (6,300)
Extraordinary loss	–	(1,114)	(471)
Net (loss) income	$ (1,713)	$ 13,852	$ (6,771)
(Loss) income applicable to common shares:			
Net (loss) income	$ (1,713)	$ 13,852	$ (6,771)
Preferred stock dividend requirements	–	(629)	(5,205)
Preferred stock accretion	–	(26,611)	(17,221)
Loss applicable to common shares	$ (1,713)	$ (13,388)	$ (29,197)
Weighted average shares	34,218	31,715	240
Net loss per common share:			
Basic and diluted:			
Net loss before extraordinary items	$ (0.05)	$ (0.39)	$ (119.69)
Extraordinary loss	–	(0.03)	(1.96)
Net loss	$ (0.05)	$ (0.42)	$ (121.65)

8. INCOME TAXES

The Company's income tax benefit consists of the following for the years ended December 31 (in thousands):

	2001	2000	1999
Current federal	$ 47	$ –	$ –
Current state	135	–	–
Total current	$ 182	$ –	$ –
Deferred federal	$ (640)	$ –	$ –
Deferred state	(207)	–	–
Total deferred	$ (847)	$ –	$ –
Income tax benefit	$ (665)	$ –	$ –
Net income tax Benefit	$ (665)	$ –	$ –

REGENT COMMUNICATIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The components of the Company's deferred tax assets and liabilities are as follows as of December 31 (in thousands):

	2001	2000
Deferred tax assets:		
Net operating loss carryforwards	$ 10,374	$ 11,083
Miscellaneous accruals and credits	200	300
Accounts receivable reserve	273	200
Total deferred tax assets	10,847	11,583
Deferred tax liabilities:		
Property and equipment	(2,059)	(300)
Intangible assets	(13,658)	(15,600)
Total deferred tax liabilities	(15,717)	(15,900)
Valuation allowance	-0-	-0-
Net deferred tax liabilities	$ (4,870)	$ (4,317)

The Company has cumulative federal and state tax loss carryforwards of approximately $40.0 million at December 31, 2001. These loss carryforwards will expire in years 2002 through 2021. The utilization of a portion of these net operating loss carryforwards for federal income tax purposes is limited pursuant to the annual utilization limitations provided under the provisions of Internal Revenue Code Section 382.

In 2000, Regent recognized a gain of approximately $17.8 million on the asset exchange from the Clear Channel transaction. For tax purposes this transaction was treated as a like-kind exchange resulting in a deferred tax liability pursuant to the provisions of the Internal Revenue Code section 1031, of approximately $6.3 million. In arriving at the determination as to the amount of the valuation allowance required for the years ended December 31, 2001 and 2000, the Company considered the impact of deferred tax liabilities resulting from purchase transactions, statutory restrictions on the use of operating losses, and a tax planning strategy available to the Company. Consequently, the Company determined that no valuation allowance was required for the years ended December 31, 2001 and 2000. During the year 2000, the Company released the entire valuation allowance. As a result of these events, no income tax expense was recorded in 2000. On a quarterly basis, management will assess whether it remains more likely than not that the deferred tax asset will be realized (See Note 13).

The Company realized an income tax benefit from the exercise of certain stock options in 2000 of $83,000. This benefit resulted in an increase in the deferred tax asset and an increase in paid in capital.

The difference between the Company's effective tax rate on income (loss) before income taxes and the federal statutory tax rate arise from the following:

	2001	2000	1999
Federal tax expense at statutory rate	(34.0)%	34.0%	(34.0)%
Amortization of intangibles and other non-deductible expenses	5.8	1.0	9.0
(Decrease) increase of valuation allowance	0.0	(38.0)	31.0
State tax, net of federal tax benefit	(2.7)	3.0	(6.0)
Other	3.0	0.0	0.0
Effective tax rate	(27.9)%	0%	0%

9. SAVINGS PLANS

The Company sponsors defined contribution plans covering substantially all employees. Both the employee and the Company can make voluntary contributions to the plan.

In the third quarter of 2000, the Company added a matching feature to its contribution plan, in which the Company will match participant contributions in the form of employer stock. The matching formula is 50 cents for every dollar contributed up to the first 6% of compensation. Company matched contributions vest to the employees over a three-year period after one year of service. Contribution expense was approximately $307,000 and $69,000 in 2001 and 2000, respectively. The Company did not make any contributions to the defined contribution plan during the year ended December 31, 1999.

10. OTHER FINANCIAL INFORMATION

Property and Equipment:

Property and equipment consists of the following as of December 31 (in thousands):

	2001	2000
Equipment	$ 27,765	$ 22,340
Furniture and fixtures	1,271	1,195
Building and improvements	4,744	3,562
Land	3,139	2,273
	36,919	29,370
Less accumulated depreciation	(11,102)	(8,654)
Net property and equipment	$ 25,817	$ 20,716

Depreciation expense was approximately $2.9 million, $2.2 million, and $1.4 million for the years ended December 31, 2001, 2000 and 1999.

Intangible Assets:

Intangible assets consists of the following as of December 31 (in thousands):

	2001	2000
FCC broadcast licenses	$ 269,370	$ 213,346
Goodwill and other intangible assets	14,779	12,612
	284,149	225,958
Less accumulated amortization	(17,729)	(8,061)
Net intangible assets	$ 266,420	$ 217,897

Amortization expense was approximately $10.5 million, $6.4 million, and $2.0 million for the years ended December 31, 2001, 2000 and 1999.

Other Current Liabilities:

Other current liabilities consist of the following as of December 31 (in thousands):

	2001	2000
Balance Sheet:		
Accrued interest	$ 351	$ 457
Current portion of long-term debt	60	60
Accrued professional fees	336	405
Accrued non-compete payments	400	–
Due to seller for collection of receivables	361	–
Accrued other	1,502	1,376
	$ 3,010	$ 2,298

11. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company is subject to various regulatory proceedings, lawsuits, claims and other matters. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. In the opinion of the Company's management, the eventual resolution of such matters for amounts above those reflected in the consolidated financial statements would not likely have a materially adverse effect on the financial condition of the Company.

The Company leases certain facilities and equipment used in its operations. Certain of the Company's operating leases contain renewal options and/or escalating rent provisions. Total rental expenses were approximately $1,246,000, $801,000 and $594,000 in 2001, 2000 and 1999, respectively.

At December 31, 2001, the total minimum annual rental commitments under noncancelable leases are as follows (in thousands):

	Operating Leases	Capital Leases
2002	$ 1,221	$ 48
2003	1,116	40
2004	964	30
2005	892	6
2006	874	
Thereafter	5,477	
Total minimum payments	$ 10,544	$ 124
Amount representing interest		12
Present value of net minimum lease payments		$ 112

12. QUARTERLY FINANCIAL INFORMATION (UNAUDITED):

All adjustments necessary for a fair statement of income for each period have been included (in thousands, except per share amounts):

	1st Quarter ended Mar. 31	2nd Quarter ended June 30	3rd Quarter ended Sept. 30	4th Quarter ended Dec. 31	Total Year
2001					
Net broadcasting revenues	$ 11,334	$ 14,658	$ 14,029	$ 13,724	$ 53,745
Operating (loss) income	(1,785)	262	(429)	(1,126)	(3,078)
NET (LOSS) INCOME:	(1,008)	2,498	(992)	(2,211)	(1,713)
BASIC AND DILUTED NET (LOSS) INCOME PER COMMON SHARE[1][3]:					
Net (loss) income per common share	$ (0.03)	$ 0.07	$ (0.03)	$ (0.06)	$ (0.05)
2000					
Net broadcasting revenues	$ 7,477	$ 10,661	$ 11,691	$ 14,278	$ 44,107
Operating (loss) income	(687)	728	526	264	831
Extraordinary loss, net of taxes	(1,114)	–	–	–	(1,114)
NET (LOSS) INCOME	(3,789)	966	17,979	(1,304)	13,852
NET (LOSS) INCOME APPLICABLE TO COMMON SHARES:					
Net (loss) income	(3,789)	966	17,979	(1,304)	13,852
Preferred stock dividend and accretion requirements	(27,240)	–	–	–	(27,240)
(Loss) income applicable to common shares	(31,029)	966	17,979	(1,304)	(13,388)
BASIC NET (LOSS) INCOME PER COMMON SHARE[3]:					
Before extraordinary item	$ (1.24)	$ 0.03	$ 0.52	$ (0.04)	$ (0.39)
Extraordinary item	$ (0.05)	$ –	$ –	$ –	$ (0.03)
Net (loss) income per common share	$ (1.29)	$ 0.03	$ 0.52	$ (0.04)	$ (0.42)
DILUTED NET (LOSS) INCOME PER COMMON SHARE[2][3]:					
Before extraordinary loss	$ (1.24)	$ 0.03	$ 0.51	$ (0.04)	$ (0.39)
Extraordinary loss	$ (0.05)	$ –	$ –	$ –	$ (0.03)
Net income (loss) per common share	$ (1.29)	$ 0.03	$ 0.51	$ (0.04)	$ (0.42)

[1] Despite net income in the second quarter of 2001, net income per common share was the same for both the basic and diluted calculation.

[2] The diluted calculation is shown, as the effect of the exercise of common stock equivalents was dilutive in the second and third quarters.

[3] The sum of the quarterly net loss (income) per share amounts may not equal the annual amount reported, as per share amounts are computed independently for each quarter.

13. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In August 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 addresses the financial accounting and reporting for the impairment or disposal of long-lived assets, including the disposal of a segment of a business. SFAS 144 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. SFAS 144 requires companies to separately report discontinued operations and extends that reporting to a component of an entity that either has been disposed of (by sale, abandonment, or in a distribution to owners) or is classified as held for sale. Furthermore, future operating losses relating to discontinued operations can no longer be recorded before they occur. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. The statement is effective for fiscal years beginning after December 15, 2001, and interim periods within those fiscal years. The Company has not yet determined the impact, if any, of adopting SFAS 144.

In June 2001, the FASB issued Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" that addresses the recognition of asset retirement obligations. The objective of SFAS 143 is to provide guidance for legal obligations associated with the retirement of tangible long-lived assets. The statement is effective for fiscal years beginning after June 15, 2002. The Company has not yet determined the impact, if any, of adopting SFAS 143.

In June 2001, the FASB issued Statement of Financial Accounting Standards No. 141, "Business Combinations" ("SFAS 141") and No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). SFAS 141, which became effective on July 1, 2001, eliminated the use of pooling of interests for all business combinations initiated after June 29, 2001 and also established specific criteria for the recognition of intangible assets separate from goodwill. As Regent has historically reflected acquisitions using the purchase method, SFAS 141 will not have a significant impact on the Company. SFAS 142 requires that a company no longer amortize the goodwill and intangible assets determined to have an indefinite life and also requires an annual impairment testing of those assets. SFAS 142 must be adopted in the first quarter of the first fiscal year beginning after December 15, 2001. The Company will adopt SFAS 142 on January 1, 2002. The Company is currently evaluating the full impact that SFAS 141 and SFAS 142 will have on its consolidated financial statements, and believes that SFAS 142 could have a material impact on its financial statements as amortization of goodwill and certain other intangible assets represents a significant expense for the Company. Amortization expense related to goodwill and indefinite-lived intangibles was approximately $10.5 million, $6.4 million, and $2.0 million, respectively, for the years ended December 31, 2001, 2000 and 1999. In addition, upon adoption, the Company will perform the first of the required impairment tests of goodwill and indefinite lived intangibles and have not yet determined what the effect of these tests will be on the Company's financial position or results of operations.

When amortization of Regent's indefinite lived assets ceases on January 1, 2002, due to the adoption of SFAS 142, the reversal of deferred tax liabilities relating to those intangible assets will no longer be assured within the Company's net operating loss carryforward period. Regent is in the process of assessing the effects of this pronouncement on the realizability of its deferred tax assets, and a valuation allowance could be required. The Company has not yet determined the magnitude of this adjustment.

REGENT COMMUNICATIONS, INC.

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS
(In thousands)

	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COSTS AND EXPENSES	ADDITIONS CHARGED TO OTHER ACCOUNTS	DEDUCTIONS[1]	BALANCE AT THE END OF PERIOD
Allowance for doubtful accounts: Years ended December 31,					
2001	$ 403	822	–	506	$ 719
2000	$ 231	725	–	553	$ 403
1999	$ 268	390	–	427	$ 231
Deferred tax asset valuation allowance: Years ended December 31,					
2001	$ –	–	–	–	$ –
2000	$9,300	–	–	($9,300)[2]	$ –
1999	$4,248	–	5,052	–	$9,300

(1) Represents accounts written off to the reserve.
(2) See Note 8 in the Notes to Consolidated Financial Statements.

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

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The information required by this Item 10 is hereby incorporated by reference from our definitive Proxy Statement, and specifically from the portions thereof captioned “Section 16 (a) Beneficial Ownership Reporting Compliance”, "Election of Directors" and "Executive Officers," to be filed in April 2002 in connection with the 2002 Annual Meeting of Stockholders presently scheduled to be held on May 16, 2002.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this Item 11 is hereby incorporated by reference from our definitive Proxy Statement to be filed in April 2002 in connection with the 2002 Annual Meeting of Stockholders, presently scheduled to be held on May 16, 2002, and specifically from the portion thereof captioned “Executive Compensation,” except that the information required by Item 402(k) of Regulation S-K which appears within such caption under the sub-heading “Compensation Committee Report” is specifically not incorporated by reference into this Form 10-K or into any other filing by Regent under the Securities Act of 1933 or the Securities Exchange Act of 1934.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information required by this Item 12 is hereby incorporated by reference from our definitive Proxy Statement, and specifically from the portion thereof captioned "Security Ownership of Certain Beneficial Owners and Management," to be filed in April 2002 in connection with the 2002 Annual Meeting of Stockholders presently scheduled to be held on May 16, 2002.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information required by this Item 13 is hereby incorporated by reference from our definitive Proxy Statement, and specifically from the portion thereof captioned "Certain Relationships and Related Transactions," to be filed in April 2002 in connection with the 2002 Annual Meeting of Stockholders presently scheduled to be held on May 16, 2002.

PART IV

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

(a) 1. FINANCIAL STATEMENTS.

The consolidated financial statements of Regent Communications, Inc. and subsidiaries filed as part of this Annual Report on Form 10-K are set forth under Item 8.

2. FINANCIAL STATEMENT SCHEDULES.

The financial statement schedule filed as part of this Annual Report on Form 10-K is set forth under Item 8.

3. EXHIBITS.

A list of the exhibits filed or incorporated by reference as part of this Annual Report on Form 10-K is set forth in the Index to Exhibits which immediately precedes such exhibits and is incorporated herein by this reference.

(b) REPORTS ON FORM 8-K.

On November 21, 2001, we filed a Form 8-K. This Form 8-K was filed to announce the sale of 900,000 shares of Regent Communications, Inc. common stock in a private placement offering.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Regent Communications, Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REGENT COMMUNICATIONS, INC.

Date: March 18, 2002 By: /s/ TERRY S. JACOBS
Terry S. Jacobs, Chairman of the Board, Chief Executive Officer and Treasurer

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

Signature	Title	Date
/s/ TERRY S. JACOBS **Terry S. Jacobs**	Chairman of the Board, Chief Executive Officer, Treasurer and Director (Principal Executive Officer)	March 18, 2002
/s/ WILLIAM L. STAKELIN **William L. Stakelin**	President, Chief Operating Officer, Secretary and Director	March 18, 2002
/s/ ANTHONY A. VASCONCELLOS **Anthony A. Vasconcellos**	Senior Vice President and Chief Financial Officer (Principal Financial and Principal Accounting Officer)	March 18, 2002
/s/ JOEL M. FAIRMAN **Joel M. Fairman**	Director	March 18, 2002
/s/ KENNETH J. HANAU **Kenneth J. Hanau**	Director	March 18, 2002
/s/ WILLIAM H. INGRAM **William H. Ingram**	Director	March 18, 2002
/s/ R. GLEN MAYFIELD **R. Glen Mayfield**	Director	March 18, 2002
/s/ RICHARD H. PATTERSON **Richard H. Patterson**	Director	March 18, 2002
/s/ WILLIAM P. SUTTER, JR. **William P. Sutter, Jr.**	Director	March 18, 2002
/s/ JOHN H. WYANT **John H. Wyant**	Director	March 18, 2002

EXHIBIT INDEX

The following exhibits are filed, or incorporated by reference where indicated, as part of Part IV of this Annual Report on Form 10-K:

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
2(a)*	Asset Exchange Agreement dated as of March 12, 2000 by and among Clear Channel Broadcasting, Inc., Clear Channel Broadcasting Licenses, Inc., Capstar Radio Operating Company, Capstar TX Limited Partnership, Regent Broadcasting of Victorville, Inc., Regent Licensee of Victorville, Inc., Regent Broadcasting of Palmdale, Inc., Regent Licensee of Palmdale, Inc., Regent Broadcasting of Mansfield, Inc. and Regent Licensee of Mansfield, Inc. (previously filed as Exhibit 2(g) to the Registrant’s Form 10-K for the year ended December 31, 1999 and incorporated herein by this reference)
2(b)*	First Amendment to Asset Exchange Agreement made on May 31, 2000 by and among Clear Channel Broadcasting, Inc., Clear Channel Broadcasting Licenses, Inc., Capstar Radio Operating Company, Capstar TX Limited Partnership, Regent Broadcasting of Victorville, Inc., Regent Licensee of Victorville, Inc., Regent Broadcasting of Palmdale, Inc., Regent Licensee of Palmdale, Inc., Regent Broadcasting of Mansfield, Inc. and Regent Licensee of Mansfield, Inc. (previously filed as Exhibit 2(b) to the Registrant's Form 10-Q for the quarter ended June 30, 2000 and incorporated herein by reference)
2(c)*	Second Amendment to Asset Exchange Agreement made on June 2, 2000 by and among Clear Channel Broadcasting, Inc., Clear Channel Broadcasting Licenses, Inc., Capstar Radio Operating Company, Capstar TX Limited Partnership, Regent Broadcasting of Victorville, Inc., Regent Licensee of Victorville, Inc., Regent Broadcasting of Palmdale, Inc., Regent Licensee of Palmdale, Inc., Regent Broadcasting of Mansfield, Inc. and Regent Licensee of Mansfield, Inc. (previously filed as Exhibit 2(c) to the Registrant's Form 10-Q for the quarter ended June 30, 2000 and incorporated herein by reference)
2(d)*	Agreement of Merger dated March 29, 2000 by and among Regent Communications, Inc., Regent Broadcasting, Inc., KZAP, Inc. and Rob Cheal (previously filed as Exhibit 2(h) to the Registrant’s Form 10-K for the year ended December 31, 1999 and incorporated herein by this reference)
2(e)*	Asset Purchase Agreement dated March 29, 2000 by and between Yavapai Broadcasting Corporation, Regent Broadcasting of Flagstaff, Inc. and Regent Licensee of Flagstaff, Inc. (previously filed as Exhibit 2(i) to the Registrant’s Form 10-K for the year ended December 31, 1999 and incorporated herein by this reference)
2(f)*	Asset Purchase Agreement made as of October 31, 2000 among Concord Media Group of California, Inc., Regent Broadcasting of Palmdale, Inc. and Regent Licensee of Palmdale, Inc. (previously filed as Exhibit 2(d) to the Registrant's Form 10-Q for the quarter ended September 30, 2000 and incorporated herein by reference)
2(g)*	Asset Purchase Agreement made December 28, 2000 among NextMedia Group II, Inc., NextMedia Licensing, Inc., Regent Broadcasting of Erie, Inc. and Regent Licensee of Erie, Inc. (excluding exhibits not deemed material or filed separately in executed form)(previously filed as Exhibit 2(g) to the Registrant’s 10-K for the year ended December 31, 2000 and incorporated herein by reference)

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
2(h)*	Agreement of Merger dated June 15, 2000 among StarCom, Inc., Dennis Carpenter and Regent Broadcasting, Inc., as amended by an Amendment, dated as of July 27, 2000, to Agreement of Merger, and as further amended by a Second Amendment, dated as of February 19, 2001, to Agreement of Merger (excluding exhibits not deemed material or filed separately in executed form)(previously filed as Exhibit 2(h) to the Registrant's Form 10-K for the year ended December 31, 2000 and incorporated herein by reference)
3(a)*	Amended and Restated Certificate of Incorporation of Regent Communications, Inc., as amended by a Certificate of Designation, Number, Powers, Preferences and Relative, Participating, Optional and Other Special Rights and the Qualifications, Limitations, Restrictions, and Other Distinguishing Characteristics of Series G Preferred Stock of Regent Communications, Inc., filed January 21, 1999 (previously filed as Exhibit 3(a) to the Registrant's Form 10-K for the year ended December 31, 1998 and incorporated herein by this reference)
3(b)*	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Regent Communications, Inc. filed with the Delaware Secretary of State on November 19, 1999 (previously filed as Exhibit 3(b) to the Registrant's Form 10-Q for the quarter ended June 30, 2001 and incorporated herein by reference)
3(c)*	Certificate of Decrease of Shares Designated as Series G Convertible Preferred Stock of Regent Communications, Inc., filed with the Delaware Secretary of State on June 21, 1999 amending the Amended and Restated Certificate of Incorporation of Regent Communications, Inc., as amended (previously filed as Exhibit 3(c) to the Registrant's Form 10-Q for the quarter ended June 30, 1999 and incorporated herein by this reference)
3(d)*	Certificate of Designation, Number, Powers, Preferences and Relative, Participating, Optional and Other Special Rights and the Qualifications, Limitations, Restrictions, and Other Distinguishing Characteristics of Series H Preferred Stock of Regent Communications, Inc., filed with the Delaware Secretary of State on June 21, 1999 amending the Amended and Restated Certificate of Incorporation of Regent Communications, Inc., as amended (previously filed as Exhibit 3(d) to the Registrant's Form 10-Q for the quarter ended June 30, 1999 and incorporated herein by this reference)
3(e)*	Certificate of Decrease of Shares Designated as Series G Convertible Preferred Stock of Regent Communications, Inc., filed with the Delaware Secretary of State on August 23, 1999 amending the Amended and Restated Certificate of Incorporation of Regent Communications, Inc., as amended (previously filed as Exhibit 3(e) to the Registrant's Form 10-Q for the quarter ended on September 30, 1999 and incorporated herein by this reference)
3(f)*	Certificate of Increase of Shares Designated as Series H Convertible Preferred Stock of Regent Communications, Inc., filed with the Delaware Secretary of State on August 23, 1999 amending the Amended and Restated Certificate of Incorporation of Regent Communications, Inc., as amended (previously filed as Exhibit 3(f) to the Registrant's Form 10-Q for the quarter ended on September 30, 1999 and incorporated herein by this reference)
3(g)*	Certificate of Designation, Number, Powers, Preferences and Relative, Participating, Optional, and Other Special Rights and the Qualifications, Limitations, Restrictions, and Other Distinguishing Characteristics of Series K Preferred Stock of Regent Communications, Inc., filed with the Delaware Secretary of State on December 13, 1999 amending the Amended and Restated Certificate of Incorporation of Regent Communications, Inc., as amended (previously

EXHIBIT NUMBER	**EXHIBIT DESCRIPTION**
	filed as Exhibit 3(g) to Amendment No. 1 to the Registrant's Form S-1 Registration Statement No. 333-91703 filed December 29, 1999 and incorporated herein by this reference)
3(h)	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Regent Communications, Inc. filed with the Delaware Secretary of State on March 13, 2002
3(i)*	Amended and Restated By-Laws of Regent Communications, Inc. (previously filed as Exhibit 3(b) to the Amendment No. 1 to the Registrant's Form S-4 Registration Statement No. 333-46435 filed April 8, 1999 and incorporated herein by this reference)
3(j)*	Amendments to By-Laws of Regent Communications, Inc. adopted December 13, 1999 (previously filed as Exhibit 3(h) to Amendment No. 1 to the Registrant's Form S-1 Registration Statement No. 333-91703 filed December 29, 1999 and incorporated herein by this reference)
4(a)*	Credit Agreement dated as of January 27, 2000 among Regent Broadcasting, Inc., Regent Communications, Inc., Fleet National Bank, as administrative agent, Fleet National Bank, as issuing lender, General Electric Capital Corporation, as syndication agent, Dresdner Bank AG, New York and Grand Cayman Branches, as document agent, and the several lenders party thereto (excluding exhibits not deemed material or filed separately in executed form) (previously filed as Exhibit 4(a) to the Registrant's Form 8-K filed February 10, 2000 and incorporated herein by this reference)
4(b)*	Omnibus Amendment No. 1 and Amendment No. 1 to Credit Agreement dated as of February 4, 2000 among Regent Broadcasting, Inc., Regent Communications, Inc., Fleet National Bank, as administrative agent, Fleet National Bank, as issuing lender, General Electric Capital Corporation, as syndication agent, Dresdner Bank AG, New York and Grand Cayman Branches, as document agent, and the several lenders party thereto (previously filed as Exhibit 4(e) to the Registrant's Form 8-K filed February 10, 2000 and incorporated herein by this reference)
4(c)*	Amendment No. 2 and Consent, dated as of August 23, 2000, to the Credit Agreement dated as of January 27, 2000, as amended, among Regent Broadcasting, Inc., Regent Communications, Inc., Fleet National Bank, as administrative agent, Fleet National Bank, as issuing lender, General Electric Capital Corporation, as syndication agent, Dresdner Bank AG, New York and Grand Cayman Branches, as document agent, and the several lenders party thereto (previously filed as Exhibit 4(c) to the Registrant's Form 10-K for the year ended December 31, 2000 and incorporated herein by this reference)
4(d)*	Amendment No. 3 dated as of December 1, 2000, to the Credit Agreement dated as of January 27, 2000, as amended, among Regent Broadcasting, Inc., Regent Communications, Inc., Fleet National Bank, as administrative agent, Fleet National Bank, as issuing lender, General Electric Capital Corporation, as syndication agent, Dresdner Bank AG, New York and Grand Cayman Branches, as document agent, and the several lenders party thereto (previously filed as Exhibit 4(d) to the Registrant's Form 10-K for the year ended December 31, 2000 and incorporated herein by this reference)
4(e)*	Revolving Credit Note dated as of February 7, 2000 made by Regent Broadcasting, Inc. in favor of Fleet National Bank in the original principal amount of $25 million (previously filed as Exhibit 4(f) to the Registrant's Form 8-K filed February 10, 2000 and incorporated herein by this reference) (See Note 1 below)

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
4(f)*	Subsidiary Guaranty Agreement dated as of January 27, 2000 among Regent Broadcasting, Inc., Regent Communications, Inc. and each of their subsidiaries and Fleet National Bank, as collateral agent (previously filed as Exhibit 4(c) to the Registrant's Form 8-K filed February 10, 2000 and incorporated herein by this reference)
4(g)*	Pledge Agreement dated as of January 27, 2000 among Regent Broadcasting, Inc., Regent Communications, Inc. and each of their subsidiaries and Fleet National Bank, as collateral agent (previously filed as Exhibit 4(d) to the Registrant's Form 8-K filed February 10, 2000 and incorporated herein by this reference)
4(h)*	Security Agreement dated as of January 27, 2000 among Regent Broadcasting, Inc., Regent Communications, Inc. and each of their subsidiaries and Fleet National Bank, as collateral agent (previously filed as Exhibit 4(b) to the Registrant's Form 8-K filed February 10, 2000 and incorporated herein by this reference)
10(a)*	Regent Communications, Inc. Faircom Conversion Stock Option Plan (previously filed as Exhibit 10(f) to the Registrant's Form S-4 Registration Statement filed February 17, 1998 and incorporated herein by this reference)
10(b)*	Regent Communications, Inc. 1998 Management Stock Option Plan, as amended through May 17, 2001 (previously filed as Exhibit 10(a) to the Registrant’s Form 10-Q for the quarter ended June 30, 2001 and incorporated herein by this reference)
10(c)*	Regent Communications, Inc. 2001 Directors’ Stock Option Plan date May 17, 2000 (previously filed as Exhibit 10(b) to the Registrant’s Form 10-Q for the quarter ended June 30, 2001 and incorporated here by this reference)
10(d)*	Employment Agreement between Regent Communications, Inc. and Terry S. Jacobs (previously filed as Exhibit 10(b) to the Registrant's Form 10-Q for the quarter ended March 31, 2001 and incorporated herein by this reference)
10(e)*	Employment Agreement between Regent Communications, Inc. and William L. Stakelin (previously filed as Exhibit 10(c) to the Registrant's Form 10-Q for the quarter ended March 31, 2001 and incorporated herein by this reference)
10(f)*	Lease Agreement dated January 17, 1994 between CPX – RiverCenter Development Corporation and Regent Communications, Inc. (previously filed as Exhibit 10(z) to the Registrant's S-4 filed on February 17, 1998 and incorporated herein by this reference)
10(g)*	Stock Purchase Agreement dated June 15, 1998 among Regent Communications, Inc., Waller-Sutton Media Partners, L.P., WPG Corporate Development Associates V, L.C.C., WPG Corporate Development Associates (Overseas) V, L.P., General Electric Capital Corporation, River Cities Capital Fund Limited Partnership and William H. Ingram (excluding exhibits not deemed material or filed separately in executed form) (previously filed as Exhibit 4(d) to the Registrant's Form 8-K filed June 30, 1998 and incorporated herein by this reference)
10(h)*	Registration Rights Agreement dated June 15, 1998 among Regent Communications, Inc., PNC Bank, N.A., Trustee, Waller-Sutton Media Partners, L.P., WPG Corporate Development Associates V, L.C.C., WPG Corporate Development Associates (Overseas) V, L.P., BMO Financial, Inc., General Electric Capital Corporation, River Cities Capital Fund Limited Partnership, Terry S. Jacobs, William L. Stakelin, William H. Ingram, Blue Chip Capital Fund II Limited Partnership, Miami Valley Venture Fund L.P. and Thomas Gammon (excluding

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
	exhibits not deemed material or filed separately in executed form) (previously filed as Exhibit 4(e) to the Registrant's Form 8-K filed June 30, 1998 and incorporated herein by this reference)
10(i)*	Warrant for the Purchase of 650,000 Shares of Common Stock issued by Regent Communications, Inc. to Waller-Sutton Media Partners, L.P. dated June 15, 1998 (See Note 2 below) (previously filed as Exhibit 4(f) to the Registrant's Form 8-K filed June 30, 1998 and incorporated herein by this reference)
10(j)*	Stock Purchase Agreement dated June 21, 1999 between Regent Communications, Inc. and Waller-Sutton Media Partners, L.P. relating to the purchase of 90,909 shares of Regent Communications, Inc. Series H convertible preferred stock (See Note 3 below) (excluding exhibits not deemed material or filed separately in executed form) (previously filed as Exhibit 4(aa) to the Registrant's Form 10-Q for the quarter ended June 30,1999 and incorporated herein by this reference)
10(k)*	Stock Purchase Agreement dated June 21, 1999, among Regent Communications, Inc., WPG Corporate Development Associates V, L.L.C. and WPG Corporate Development Associates V (Overseas), L.P. relating to the purchase of 1,180,909 and 182,727 shares, respectively, of Regent Communications, Inc. Series H convertible preferred stock (excluding exhibits not deemed material or filed separately in executed form)(previously filed as Exhibit 4(bb) to the Registrant's Form 10-Q for the quarter ended June 30, 1999 and incorporated herein by this reference)
10(l)*	Stock Purchase Agreement dated as of August 31, 1999 among Regent Communications, Inc., The Roman Arch Fund L.P. and The Roman Arch Fund II L.P. relating to the purchase of 109,091 and 72,727 shares, respectively, of Regent Communications, Inc. Series H convertible preferred stock (excluding exhibits not deemed material or filed separately in executed form) (previously filed as Exhibit 4(ee) to the Registrant's Form 10-Q for the quarter ended on September 30, 1999 and incorporated herein by this reference)
10(m)*	First Amendment to Registration Rights Agreement dated as of August 31, 1999 among Regent Communications, Inc., PNC Bank, N.A., as trustee, Waller-Sutton Media Partners, L.P., WPG Corporate Development Associates V, L.L.C., WPG Corporate Development Associates (Overseas) V, L.P., BMO Financial, Inc., General Electric Capital Corporation, River Cities Capital Fund Limited Partnership, Terry S. Jacobs, William L. Stakelin, William H. Ingram, Blue Chip Capital Fund II Limited Partnership, Miami Valley Venture Fund L.P. and Thomas P. Gammon (excluding exhibits not deemed material or filed separately in executed form) (previously filed as Exhibit 4(gg) to the Registrant's Form 10-Q for the quarter ended on September 30, 1999 and incorporated herein by this reference)
10(n)*	Second Amendment to Registration Rights Agreement dated as of December 13, 1999, among Regent Communications, Inc., Terry S. Jacobs, William L. Stakelin, Blue Chip Capital Fund II Limited Partnership, Blue Chip Capital Fund III Limited Partnership, Miami Valley Venture Fund, L.P., PNC Bank, N.A., as trustee, PNC Bank, N.A., Custodian, Waller-Sutton Media Partners, L.P., River Cities Capital Fund Limited Partnership, Mesirow Capital Partners VII, WPG Corporate Development Associates V, L.L.C., WPG Corporate Development Associates V (Overseas) L.P., General Electric Capital Corporation, William H. Ingram, The Roman Arch Fund L.P., The Roman Arch Fund II L.P. and The Prudential Insurance Company of America (previously filed as Exhibit 4(hh) to Amendment No. 1 to the Registrant's Form S-1 Registration Statement No. 333-91703 filed December 29, 1999 and incorporated herein by this reference)

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
10(o)*	Third Amended and Restated Stockholders' Agreement dated as of December 13, 1999, among Regent Communications, Inc., Terry S. Jacobs, William L. Stakelin, Blue Chip Capital Fund II Limited Partnership, Blue Chip Capital Fund III Limited Partnership, Miami Valley Venture Fund, L.P., PNC Bank, N.A., as trustee, PNC Bank, N.A., Custodian, Waller-Sutton Media Partners, L.P., River Cities Capital Fund Limited Partnership, Mesirow Capital Partners VII, WPG Corporate Development Associates V, L.L.C., WPG Corporate Development Associates V (Overseas) L.P., General Electric Capital Corporation, William H. Ingram, Joel M. Fairman, The Roman Arch Fund L.P., The Roman Arch Fund II L.P. and the Prudential Insurance Company of America (previously filed as Exhibit 4(ii) to Amendment No. 1 to the Registrant's Form S-1 Registration Statement No. 333-91703 filed December 29, 1999 and incorporated herein by this reference)
10(p)*	Stock Purchase Agreement dated as of November 24, 1999, between Regent Communications, Inc. and Blue Chip Capital Fund III Limited Partnership (see Note 4 below) (previously filed as Exhibit (jj) to Amendment No. 1 to the Registrant's Form S-1 Registration Statement filed December 29, 1999 and incorporated herein by this reference)
10(q)*	Registration Rights Agreement, dated as of August 28, 2001, between Regent Communications, Inc. and Bayard H. Walters (previously filed as Exhibit 10(a) to the Registrant's Form 10-Q for the quarter ended September 30, 2001 and incorporated herein by this reference)
10(r)*	Third Amendment to Registration Rights Agreement, dated August 28, 2001, among Regent Communications, Inc. and the Stockholders who are signatories thereto (previously filed as Exhibit 10(b) to the Registrant's Form 10-Q for the quarter ended September 30, 2001 and incorporated herein by this reference)
10(s)*	Form of Stock Purchase Agreement dated as of November 26, 2001 (see Note 5 below)(previously filed as Exhibit 10.1 to the Registrant's Form S-3 Registration Statement No. 333-74704 filed December 6, 2001 and incorporated herein by this reference)
10(t)	Fourth Amendment to Registration Rights Agreement, dated as of November 26, 2001, among Regent Communications, Inc. and the Stockholders who are signatories thereto
10(u)	Registration Rights Agreement dated as of January 7, 2002, between Regent Communications, Inc. and ComCorp of Lafayette, Inc.
10(v)	Registration Rights Agreement dated as of January 7, 2002 between Regent Communications, Inc. and Abbeville Broadcasting Service, Inc.
21	Subsidiaries of Registrant
23	Consent of Independent Accountants

* Incorporated by reference.

NOTES:

1. Seven substantially identical notes were made by Regent Broadcasting, Inc. as follows:

Original Holder	Principal Amount
General Electric Capital Corporation	$22,000,000
Dresdner Bank AG, New York and Cayman Island Branches	$22,000,000
Mercantile Bank National Association	$16,000,000
U.S. Bank National Association	$10,000,000
Summit Bank	$10,000,000
Michigan National Bank	$10,000,000
The CIT Group Equipment Financing, Inc.	$10,000,000

2. Six substantially identical warrants for the purchase of shares of Registrant's common stock were issued as follows:

	Shares
Waller-Sutton Media Partners, L.P.	650,000
WPG Corporate Development Associates V, L.L.C.	112,580
WPG Corporate Development Associates (Overseas) V, L.P.	17,420
General Electric Capital Corporation	50,000
River Cities Capital Fund Limited Partnership	20,000
William H. Ingram	10,000

3. Two substantially identical stock purchase agreements were entered into for the purchase of Series H convertible preferred stock as follows:

Blue Chip Capital Fund II Limited Partnership	363,636 shares
PNC Bank, N.A., as trustee	181,818 shares

4. Four substantially identical stock purchase agreements were entered into for the purchase of Series K convertible preferred stock as follows:

WPG Corporate Development Associates V, L.L.C. and WPG Corporate Development Associates V (Overseas), L.P.	181,818 shares
PNC Bank, N.A., Custodian	181,818 shares
Mesirow Capital Partners VII	818,181 shares
The Prudential Insurance Company of America	1,000,000 shares

5. Twenty-two substantially identical stock purchase agreements were entered into for the purchase of common stock as follows:

Purchaser	Shares
U.S. Bancorp Piper Jaffray Asset Management for benefit of Milwaukee Foundation MicroCap	3,900
U.S. Bancorp Piper Jaffray Asset Management for benefit of WM Chester Small Cap	400
U.S. Bancorp Piper Jaffray Asset Management for benefit of First American MicroCap Fund	211,500

Purchaser	Shares
U.S. Bancorp Piper Jaffray Asset Managementfor benefit of Frantschi MicroCap	11,300
U.S. Bancorp Piper Jaffray Asset Management for benefit of ES Tallmadge Res.	500
U.S. Bancorp Piper Jaffray Asset Management for benefit of Posner Partners MicroCap	5,600
U.S. Bancorp Piper Jaffray Asset Management for benefit of Jane Petit MicroCap	500
Firstar Bank NA, Agent Lyndhurst Associates MicroCap Fund	13,300
Marshall & Isley Trust Company Custodian for the Milwaukee Jewish Federation	3,000
Edge Capital, L.P.	100,000
Pogue Capital International, LTD.	52,000
Oxa Trade & Finance, Inc.	35,000
Coditec International LTD – E – VBL	13,000
Blue Chip Capital Fund III Limited Partnership	200,000
Silverfin & Company	12,800
Capital Blue Cross Retirement Plan	3,200
Clippership & Company	90,800
Pitt & Company	83,000
Mellon Trust Company, Trustee for NYNEX Master Pension Trust	45,900
Capital Blue Cross	3,800
Silverbass & Company	4,900
Palmsail & Company	5,600

MANAGEMENT'S REPORT ON FINANCIAL STATEMENTS

The consolidated financial statements and notes related thereto were prepared by and are the responsibility of management. The financial statements and related notes were prepared in conformity with accounting principles generally accepted in the United States of America and include amounts based upon management's best estimates and judgments.

It is management's objective to ensure the integrity and objectivity of its financial data through systems of internal controls designed to provide reasonable assurance that all transactions are properly recorded in our books and records, that assets are safeguarded from unauthorized use, and that financial records are reliable to serve as a basis for preparation of financial statements.

The financial statements have been audited by our independent auditors, PricewaterhouseCoopers LLP, to the extent required by auditing standards generally accepted in the United States of America and, accordingly, they have expressed their professional opinion on the financial statements in their report included herein.

The Board of Directors meets with the independent auditors and management periodically to satisfy itself that they are properly discharging their responsibilities. The independent auditors have unrestricted access to the Board, without management present, to discuss the results of their audit and the quality of financial reporting and internal controls.

/s/ TERRY S. JACOBS

Terry S. Jacobs
Chairman/Chief Executive Officer

/s/ ANTHONY A. VASCONCELLOS

Anthony A. Vasconcellos
Senior Vice President/Chief Financial Officer

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DIRECTORS

Terry S. Jacobs
Chairman of the Board, Chief Executive Officer and Treasurer

William L. Stakelin
President, Chief Operating Officer and Secretary

Joel M. Fairman
Chairman of North Shore Strategies, Inc.

Kenneth J. Hanau
Managing Director of Weiss, Peck and Greer, L.L.C.

William H. Ingram
Chairman of the Board of Directors of Waller-Sutton Management Group, Inc.

R. Glen Mayfield
Principal of RiverCities Capital Fund Limited Partnership and Chaiman of Mayfield & Robinson, Inc.

Richard H. Patterson
Vice President of Waller-Sutton Management Group, Inc. and a managing member of Spire Capital Partners, L.P.

William P. Sutter, Jr.
Adjunct Professor of Finance at Northwestern's Kellogg Graduate School of Management, and serves as an advisor to three private equity funds

John H. Wyant
President of Blue Chip Venture Company

OFFICERS

Terry S. Jacobs
Chairman of the Board, Chief Executive Officer and Treasurer

William L. Stakelin
President, Chief Operating Officer and Secretary

Anthony A. Vasconcellos
Senior Vice President and Chief Financial Officer

Fred L. Murr
Senior Vice President, Operations

Matthew A. Yeoman
Vice President, Operations

Robert E. Allen
Vice President, Finance and Accounting

Robert J. Ausfeld
Regional Vice President

David J. Remund
Vice President of Engineering

STOCKHOLDER INFORMATION

Corporate Offices
Regent Communications, Inc.
100 East RiverCenter Boulevard
9th Floor
Covington, Kentucky 41011
(859) 292-0030

Transfer Agent and Registrar
Fifth Third Bank
Corporate Trust Services
38 Fountain Square Plaza
MD 10AT66
Cincinnati, Ohio 45202
(513) 579-5320
(800) 837-2755

Investor Relations
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New York, New York
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John R. Buckley
Phone: (212) 986-6667
Fax: (212) 986-8302
E mail:
buckley@braincomm.com

General Counsel
Graydon, Head & Ritchey
Cincinnati, Ohio

FCC Counsel
Latham & Watkins
Washington, D.C.

Auditors
PricewaterhouseCoopers LLP
Cincinnati, Ohio

Publications
The Company's Annual Report, Form 10-K and Quarterly Reports to Stockholders are available free of charge to stockholders. Copies of the exhibits to those reports are also available upon payment of a fee covering the Company's reasonable expenses of processing and shipping. Inquiries are welcome by letter to the Corporate Offices or by e-mail to investorrelations@regentcomm.com

Stockholders whose stock is held in street name are encouraged to visit our web site at www.regentcomm.com and subscribe to our financial mailing list, enabling them to receive notification of issuance of annual and interim reports without delay.

Annual Meeting
The Annual Meeting of Stockholders will be held on Thursday, May 16, 2002 at 10:00 A.M., local time, at the Metropolitan Club, 50 East RiverCenter Boulevard, Covington, Kentucky.

REGENT
COMMUNICATIONS, INC.

100 East RiverCenter Boulevard
9th Floor
Covington, Kentucky 41011