

BEASLEY BROADCAST GROUP INC
Form DEFM14C
September 23, 2016
Table of Contents

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

SCHEDULE 14C
(Rule 14c-101)
Information Statement Pursuant to Section 14(c) of the
Securities Exchange Act of 1934

Check the appropriate box:

- Preliminary Information Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d)(2))**
- Definitive Information Statement

BEASLEY BROADCAST GROUP, INC.

(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.

(1) Title of each class of securities to which transaction applies:

Class A common stock, \$0.001 par value

- (2) Aggregate number of securities to which transaction applies:

6,000,000 shares of Class A common stock, which represents an estimate of the maximum number of shares to be issued in the transaction.

- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

\$5.07 per share of Class A common stock. For purposes of this determination, in accordance with paragraphs (a)(4) and (c)(1)(i) of Exchange Act Rule 0-11, the price per share of common stock to be issued in the merger is equal to the average of the high and low prices of common stock as reported on The NASDAQ Global Market on September 8, 2016 (a date within five business days prior to the filing of this preliminary Information Statement).

- (4) Proposed maximum aggregate value of transaction:

\$212,220,000. The proposed maximum aggregate value of the transaction is calculated as follows:

(i) \$30,420,000 in shares of Class A common stock (6,000,000 shares multiplied by \$5.07 per share) plus
(ii) \$100,000,000 in cash consideration plus (iii) \$81,800,000 in repayment of Greater Media's debt.

- (5) Total fee paid:

\$21,370.55. The total fee paid equals the proposed maximum aggregate value of the transaction multiplied by the current SEC fee rate of 0.0001007 (or \$100.70 per \$1,000,000).

x Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

Beasley Broadcast Group, Inc.

3033 Riviera Drive

Suite 200

Naples, Florida 34103

**NOTICE OF ACTION TAKEN PURSUANT TO WRITTEN CONSENT OF STOCKHOLDERS AND
INFORMATION STATEMENT**

This Information Statement is dated September 23, 2016 and is first being mailed to our stockholders on or about September 23, 2016.

To the stockholders of Beasley Broadcast Group, Inc.:

This Notice and accompanying Information Statement are being furnished to the stockholders of Beasley Broadcast Group, Inc., a Delaware corporation (**we**, **us**, **our**, or the **Company**), in connection with the Agreement and Plan of Merger, dated as of July 19, 2016 (the **Merger Agreement**), by and among the Company, Greater Media, Inc., a Delaware corporation (**Greater Media**), Beasley Media Group 2, Inc., a Delaware corporation and an indirect wholly owned subsidiary of the Company (**Merger Sub**), and Peter A. Bordes, Jr., as the stockholders' representative, pursuant to which, among other things, subject to the satisfaction or waiver of the conditions set forth therein, Merger Sub will be merged with and into Greater Media, with Greater Media surviving the merger as an indirect wholly owned subsidiary of the Company (the **Merger**).

Pursuant to the terms of the Merger Agreement, the Company agreed to acquire all of the issued and outstanding common stock of Greater Media for an aggregate purchase price of \$239,875,000, inclusive of the repayment of approximately \$82 million of Greater Media's outstanding debt and the payment of certain transaction expenses. The proceeds to be paid to the stockholders of Greater Media are expected to consist of (i) approximately \$100 million in cash (the **Cash Consideration**) and (ii) approximately \$25 million in shares of the Company's Class A common stock, which is equal to 5,422,993 shares at a fixed value of \$4.61 per share (the **Merger Shares**) and together with the Cash Consideration, the **Merger Consideration**). The Merger Consideration is subject to adjustment for changes in working capital of Greater Media, outstanding debt of Greater Media and its subsidiaries as of the date of the closing and certain other payments and expenses. Additional Merger Shares may be issued in connection with such adjustment. In addition, the stockholders of Greater Media will receive the net cash proceeds from the sale of Greater Media's tower assets, estimated to be approximately \$20 million.

As of July 19, 2016, the Company had 6,654,024 shares of Class A common stock outstanding and 16,662,743 shares of Class B common stock outstanding (together with the Class A common stock, the **Company Common Stock**). On matters other than the election of directors, the holders of Class A common stock and Class B common stock vote as a single class, with each Class A share entitled to one vote and each Class B share entitled to ten votes.

Please review the Information Statement accompanying this Notice for a more complete description of the transaction.

We Are Not Asking You for a Proxy and You are Requested Not To Send Us a Proxy.

Table of Contents

The Board of Directors of the Company has unanimously (i) determined that it is advisable, fair to, and in the best interests of the Company and its stockholders to enter into the Merger Agreement, (ii) adopted the Merger Agreement and approved the transactions contemplated thereby, including the Merger and the issuance of the Merger Shares, and (iii) recommended that the stockholders of the Company approve the issuance of the Merger Shares in connection with the Merger.

Because the matters set forth in this Notice and the accompanying Information Statement have been duly authorized and approved by the Company's Board of Directors and, to the extent necessary, by the written consent of the holders of a majority of the voting power of Company Common Stock, we have not solicited, and will not be soliciting, your authorization or approval of the Merger Agreement, the Merger or the issuance of the Merger Shares pursuant to NASDAQ Listing Rule 5635(a). We are furnishing this Notice and the accompanying Information Statement solely to provide you with material information concerning the actions taken in connection with the written consent of certain stockholders in accordance with the requirements of the Securities Exchange Act of 1934, as amended (the **Exchange Act**). This Notice and the accompanying Information Statement also constitute notice to you under Section 228 of the General Corporation Law of the State of Delaware of the taking of corporate actions without a meeting by less than unanimous written consent of the Company's stockholders.

July 19, 2016 is the record date for the determination of stockholders entitled to notice of the action by written consent. Pursuant to Rule 14c-2 under the Exchange Act, the corporate actions described above can be taken no sooner than 20 calendar days after the accompanying Information Statement is first mailed to the Company's stockholders. Because the accompanying Information Statement is first being mailed to the Company's stockholders on September 23, 2016, the corporate actions described therein may be taken on or after October 13, 2016.

We encourage you to read the entire Information Statement carefully and thank you for your continued interest in the Company.

By Order of the Board of Directors,

Caroline Beasley

Interim Chief Executive Officer, Executive Vice

President, Chief Financial Officer, Secretary, Treasurer

and Director

Naples, Florida

September 23, 2016

Table of Contents

TABLE OF CONTENTS

<u>ABOUT THIS INFORMATION STATEMENT</u>	1
<u>SUMMARY</u>	3
<u>QUESTIONS AND ANSWERS</u>	8
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	11
<u>RISK FACTORS</u>	13
<u>THE MERGER</u>	17
<u>THE MERGER AGREEMENT</u>	29
<u>AGREEMENTS RELATED TO THE MERGER</u>	37
<u>HOUSEHOLDING OF MATERIALS</u>	38
<u>COMPARATIVE PER SHARE DATA</u>	39
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	40
<u>INFORMATION ABOUT GREATER MEDIA</u>	42
<u>UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION</u>	54
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	61
<u>FINANCIAL STATEMENTS OF GREATER MEDIA, INC</u>	62
ANNEX A	MERGER AGREEMENT
ANNEX B	THE COMPANY S ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015
ANNEX C	THE COMPANY S QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2016
ANNEX D	THE COMPANY S QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2016

Table of Contents

Beasley Broadcast Group, Inc.

3033 Riviera Drive

Suite 200

Naples, Florida 34103

We Are Not Asking You for a Proxy and You are Requested Not To Send Us a Proxy.

ABOUT THIS INFORMATION STATEMENT

This Information Statement is being furnished by Beasley Broadcast Group, Inc., a Delaware corporation (**we**, **us**, **our**, or the **Company**), to advise the stockholders of the approval of the issuance of shares of the Company's Class A common stock in connection with the transactions contemplated by that certain, Agreement and Plan of Merger, dated as of July 19, 2016 (the **Merger Agreement**), by and among the Company, Greater Media, Inc., a Delaware corporation (**Greater Media**), Beasley Media Group 2, Inc., a Delaware corporation and an indirect wholly owned subsidiary of the Company (**Merger Sub**), and Peter A. Bordes, Jr., as the stockholders' representative, pursuant to which, subject to the satisfaction or waiver of the conditions set forth therein, Merger Sub will be merged with and into Greater Media, with Greater Media surviving the merger as an indirect wholly owned subsidiary of the Company (the **Merger**).

Pursuant to the terms of the Merger Agreement, the Company agreed to acquire all of the issued and outstanding common stock of Greater Media for an aggregate purchase price of \$239,875,000, inclusive of the repayment of approximately \$82 million of Greater Media's outstanding debt and the payment of certain transaction expenses. The proceeds to be paid to the stockholders of Greater Media are expected to consist of (i) approximately \$100 million in cash and (ii) approximately \$25 million in shares of the Company's Class A common stock which is equal to 5,422,993 shares at a fixed value of \$4.61 per share (the **Merger Shares**). The Merger Consideration is subject to adjustment for changes in working capital of Greater Media, outstanding debt of Greater Media and its subsidiaries as of the date of the closing and certain other payments and expenses. Additional Merger Shares may be issued in connection with such adjustment. In addition, the stockholders of Greater Media will receive the net cash proceeds from the sale of Greater Media's tower assets, estimated to be approximately \$20 million.

This Information Statement is first being mailed on or about September 23, 2016 to stockholders of record of the Company as of July 19, 2016 (the **Record Date**), and is being delivered to inform you of the corporate actions described herein before they take effect in accordance with Rule 14c-2 of the Securities Exchange Act of 1934, as amended (the **Exchange Act**). You are urged to review this Information Statement for a more complete description of transactions contemplated pursuant to the Merger Agreement.

As of the Record Date, the Company had 6,654,024 shares of Class A common stock outstanding and 16,662,743 shares of Class B common stock outstanding (together with the Class A common stock, the **Company Common Stock**). On matters other than the election of directors, the holders of Class A common stock and Class B common stock vote as a single class, with each Class A share entitled to one vote and each Class B share entitled to ten votes.

On July 19, 2016, the Board of Directors of the Company (the **Board**) unanimously (i) determined that it is advisable, fair to, and in the best interests of the Company and its stockholders to enter into the Merger

Table of Contents

Agreement, (ii) adopted the Merger Agreement and approved the transactions contemplated thereby, including the Merger and the issuance of the Merger Shares, and (iii) recommended that the stockholders of the Company approve the issuance of the Merger Shares in connection with the Merger. Also, later in the day on July 19, 2016, certain stockholders affiliated with the Beasley family holding 1,280,738 shares of Class A common stock and 10,687,605 shares of Class B common stock, constituting approximately 62.4% of the voting power of the issued and outstanding Company Common Stock, acted by written consent (the **Stockholders Written Consent**) to approve the issuance of the Merger Shares in connection with the Merger. The approval of the issuance of the Merger Shares is required by the Company's stockholders because the Company's Class A common stock is listed on the NASDAQ Global Market, which requires the Company to obtain stockholder approval under NASDAQ Listing Rule 5635(a) because the number of shares of Class A common stock to be issued as Merger Shares will be, equal to or in excess of 20% of the number of shares of Company Common Stock outstanding before the issuance.

None of the corporate actions described above and approved in the Stockholders Written Consent, including the approval of the issuance of the Merger Shares in connection with the Merger, will become effective until October 13, 2016, which is more than 20 calendar days following the date on which this Information Statement was first sent to our stockholders.

Pursuant to Section 228 of the Delaware General Corporation Law, we are required to provide prompt notice of the taking of corporate action by written consent to our stockholders who have not consented in writing to such action. This Information Statement serves as the notice required by Section 228.

No vote or other consent of our stockholders is solicited in connection with this Information Statement. We Are Not Asking You for a Proxy and You are Requested Not To Send Us a Proxy.

Table of Contents

SUMMARY

This summary highlights selected information from this Information Statement with respect to the Merger Agreement, the proposed Merger and the issuance of the Merger Shares in connection with the Merger. This summary may not contain all of the information that is important to you. To understand the Merger and other related matters fully and for a more complete description of the legal terms of the Merger Agreement and the related agreements, you should carefully read this entire Information Statement. You should also read the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (attached hereto as [Annex B](#)) and its Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016 (attached hereto as [Annex C](#) and [Annex D](#), respectively). Please see "Where You Can Find More Information" beginning on page 61. We have included references to other portions of this Information Statement to direct you to a more complete description of the topics presented in this summary, which you should review carefully in their entirety.

The Companies (page 17)

Our Company

We are a radio broadcasting company whose primary business is operating radio stations throughout the United States. We own and operate 52 radio stations in the following radio markets: Atlanta, GA, Augusta, GA, Boston, MA, Charlotte, NC, Fayetteville, NC, Fort Myers-Naples, FL, Greenville-New Bern-Jacksonville, NC, Las Vegas, NV, Philadelphia, PA, Tampa-Saint Petersburg, FL, West Palm Beach-Boca Raton, FL, and Wilmington, DE.

We are a Delaware corporation, whose shares of Class A common stock are traded on The NASDAQ Global Market. Our address is 3033 Riviera Drive, Suite 200, Naples, FL 34103.

Merger Sub

Merger Sub was formed as a Delaware corporation by an indirect subsidiary of the Company solely for the purpose of completing the transactions contemplated by the Merger Agreement. Merger Sub is an indirect wholly owned subsidiary of the Company and has not carried on any activities to date, except for activities incidental to its incorporation and activities undertaken in connection with the transactions contemplated by the Merger Agreement.

Merger Sub's address is 3033 Riviera Drive, Suite 200, Naples, FL 34103.

Greater Media

Greater Media celebrated its 60th anniversary in broadcasting on March 31, 2016. Owned by the Bordes family, the Company was founded in 1956 by Yale classmates Peter A. Bordes and Joseph Rosenmiller and grew from the ownership of a single radio station in Southbridge, Massachusetts to a diversified portfolio of successful communications companies. Today, Greater Media is the parent company of 21 AM and FM radio stations in Boston, MA, Charlotte, NC, Detroit, MI, Philadelphia, PA and New Jersey.

Greater Media is a Delaware corporation. Its address is 35 Braintree Hill Park, Suite 300, Braintree, MA 02184.

The Merger (page 17)

On July 19, 2016, we entered into the Agreement and Plan of Merger with Greater Media, Merger Sub and Peter A. Bordes, Jr., as the stockholders' representative. The Merger will be effectuated pursuant to the terms of

Table of Contents

the Merger Agreement. At the effective time of the Merger, Merger Sub will merge with and into Greater Media, and we will acquire all of the issued and outstanding common stock of Greater Media for an aggregate purchase price of \$239,875,000, inclusive of the repayment of approximately \$82 million of Greater Media's outstanding debt and the payment of certain transaction expenses. The proceeds to be paid to the stockholders of Greater Media are expected to consist of (i) approximately \$100 million in cash and (ii) approximately \$25 million in shares of the Company's Class A common stock which is equal to 5,422,993 shares at a fixed value of \$4.61 per share. The Merger Consideration is subject to adjustment for changes in working capital of Greater Media, outstanding debt of Greater Media and its subsidiaries as of the date of the closing and certain other payments and expenses. Additional Merger Shares may be issued in connection with such adjustment. In addition, the stockholders of Greater Media will receive the net cash proceeds from the sale of Greater Media's tower assets, estimated to be approximately \$20 million.

We have obtained a debt financing commitment to fund the transactions contemplated by the Merger Agreement, the aggregate proceeds of which, together with cash and cash equivalents available to the Company and the issuance of the Merger Shares, will be sufficient for the Company to pay the aggregate Merger Consideration and all related fees and expenses.

NASDAQ Stockholder Approval Requirement (page 18)

The Company's Class A common stock is listed on The NASDAQ Global Market. Pursuant to NASDAQ Listing Rule 5635(a), stockholder approval is required to issue shares (or securities convertible into or exercisable for common stock) with voting power equal to or in excess of 20% of the voting power of the shares outstanding before such issuance or equal to or more than 20% of the number of shares outstanding before such issuance. The Merger Shares to be issued in connection with the Merger will equal approximately 23.3% of the number of shares of Company Common Stock outstanding immediately prior to the effective time of the Merger. Accordingly, the approval of the Company's stockholders is required because the issuance of the Merger Shares will result in an issuance in excess of 20% of the number of the shares of Company Common Stock outstanding before such issuance.

Stockholder Action by Written Consent (page 18)

On July 19, 2016, certain stockholders of the Company affiliated with the Beasley family representing approximately 62.4% of the voting power of the issued and outstanding Company Common Stock (the **Approving Stockholders**) executed the Stockholders' Written Consent approving the issuance of the Merger Shares in connection with the Merger in accordance with the NASDAQ Listing Rules. Therefore, because majority stockholder approval has already been obtained, no further action by any other stockholder of the Company is required to approve the issuance of the Merger Shares under the NASDAQ Listing Rules. Delaware law does not require consent of the stockholders of the Company to the Merger itself. The approval of the corporate actions in the Stockholders' Written Consent will not be effective until the date that is 20 calendar days after this Information Statement is first sent or given to our stockholders.

Reasons for the Merger (page 24)

The terms of the Merger Agreement were considered by the Board. The Board (i) determined that it is advisable, fair to, and in the best interests of the Company and its stockholders to enter into the Merger Agreement, (ii) adopted the Merger Agreement and approved the transactions contemplated thereby, including the Merger and the issuance of the Merger Shares, and (iii) recommended that the stockholders of the Company approve the issuance of the Merger Shares in connection with the Merger.

In making its decision, the Board considered the factors described in the section of this Information Statement titled "The Merger - Reasons for the Merger" beginning on page 24 of this Information Statement.

Table of Contents

Interests of Executive Officers and Directors of the Company in the Merger (page 26)

The Company's executive officers and directors do not have any material interests in the Merger that are different from, or in addition to, the interests of all stockholders.

Impact of Stock Issuance on Existing Stockholders (page 26)

The issuance of the Merger Shares will dilute the ownership percentage and voting interests of the Company's existing stockholders. Following consummation of the Merger, based on the Company's capitalization as of July 19, 2016, we estimate that the current Greater Media stockholders will own approximately 19% of the outstanding shares of common stock and approximately 45% of the outstanding shares of Class A common stock of the combined company, and control approximately 3% of the voting power of the combined company, on all matters other than the election of directors. Therefore, the ownership and voting interests of the Company's existing stockholders will be proportionately reduced.

In addition, under the terms of the Investor Rights Agreement that will be entered into as part of the transactions contemplated by the Merger Agreement, the Company will be obligated to increase the number of director seats on the Board from eight to nine and appoint one individual designated by the current Greater Media stockholders to fill the vacancy created by expanding the Board. And, under the terms of the Registration Rights Agreement that will be entered into as part of the transactions contemplated by the Merger Agreement, the Company will, among other things, prepare and file with the SEC, not later than 20 days after the consummation of the Merger, a registration statement with respect to the resale of the Merger Shares by the current Greater Media stockholders.

U.S. Federal Income Tax Consequences of the Merger to the Company and its Stockholders (page 26)

There are no material U.S. federal income tax consequences to the Company's existing stockholders that will result from the issuance of the Merger Shares in connection with the Merger.

Expected Timing of the Merger (page 28)

We expect to complete the Merger during the fourth calendar quarter of 2016. However, the Merger is subject to a number of conditions, some of which are beyond the control of the Company and Greater Media, and we cannot predict the precise timing for completion of the Merger with certainty. See "The Merger Agreement" beginning on page 29 of this Information Statement and "Risk Factors" The Merger may not be completed, which could adversely affect our business operations and stock price and subject us to a number of risks beginning on page 13 of this Information Statement for further information.

Conditions to the Completion of the Merger (page 34)

The completion of the Merger is subject to the satisfaction or, to the extent legally permissible, the waiver of a number of conditions in the Merger Agreement, such as:

the receipt of required regulatory approvals from the Federal Communications Commission (the "FCC") and the satisfaction of any conditions precedent to the consummation of the Merger imposed by the FCC;

the approval of the proposal to adopt the Merger Agreement by the affirmative vote of at least a majority of the outstanding shares of Greater Media's common stock (which has been received);

the approval of the issuance of the Merger Shares in connection with the Merger by the affirmative vote of at least a majority of the outstanding voting power of Company Common Stock (which has been provided);

Table of Contents

the absence of any law or order, judgment, decree, injunction or ruling of a court of competent jurisdiction enjoining or prohibiting the consummation of the Merger;

the parties' representations and warranties in the Merger Agreement being true and correct as of the closing date (except that those representations and warranties that address matters only as of a particular date need only be true and correct as of such date), generally subject to certain materiality standards;

the parties' having performed or complied with, in all material respects, all agreements and covenants required to be performed or complied with at or prior to the closing of the Merger; and

the absence, since the date of the Merger Agreement, of any facts, changes, events, effects or occurrences which has had a material adverse effect on Greater Media.

Termination of the Merger Agreement (page 35)

The Merger Agreement may be terminated at any time prior to the completion of the Merger in any of the following ways:

by mutual written agreement of the Company and Greater Media;

by either the Company or Greater Media, if the closing has not occurred on or before January 19, 2017 (the **End Date**); except that the End Date may be extended for up to three months to the extent necessary to obtain required regulatory approvals so long as all of the other closing conditions have been satisfied; and;

by the Company or Greater Media if there is any law, statute, ordinance, rule, code or regulation, that makes the consummation of the Merger illegal or otherwise prohibited or if a final and non-appealable injunction, order, decree or ruling of a governmental entity has been entered permanently restraining, enjoining or otherwise prohibiting the Merger; or

by either the Company or Greater Media in certain other circumstances.

In certain circumstances, the Company may owe Greater Media a termination fee upon the termination of the Merger Agreement, specifically, the Merger Agreement provides that the Company shall pay Greater Media a termination fee of (a) \$6.39 million if Greater Media terminates the Merger Agreement because all conditions to closing have been satisfied and the Company has not consummated the Merger due to the failure of debt financing to be available (provided that Greater Media is not also able to terminate the Merger Agreement due to the Company's breach) or (b) \$12.78 million if (i) Greater Media terminates the Merger Agreement due to a breach of a representation or covenant by the Company such that an applicable condition to closing is not satisfied or (ii) Greater Media terminates the Merger Agreement because the Company has failed to consummate the Merger when required by the Merger Agreement, in circumstances where debt financing was available.

Appraisal Rights (page 28)

Holders of Company Common Stock will not be entitled to exercise appraisal or dissenters rights under Delaware law in connection with the Merger or the issuance of the Merger Shares pursuant to the Merger.

Directors and Officers (page 28)

Currently, the Board has fixed the number of directors at eight. Under the terms of the Investor Rights Agreement that will be entered into as part of the transactions contemplated by the Merger Agreement, the Company will be obligated to fix the number of director seats on the Board at nine and appoint one individual

Table of Contents

designated by the current Greater Media stockholders to fill the vacancy created by expanding the Board. The Greater Media stockholders have selected Peter A. Bordes, Jr. as their designee. At the effective time of the Merger, the Board will act to appoint Mr. Bordes to the Board.

The composition of the Company's executive officers is not expected to change as a result of the closing of the Merger.

Table of Contents

QUESTIONS AND ANSWERS

The following questions and answers address briefly some questions you may have regarding the Merger, the Merger Agreement and related transactions. These questions and answers may not address all questions that may be important to you as a stockholder of the Company. Please refer to the more detailed information contained elsewhere in this Information Statement, the annexes to this Information Statement and the documents referred to in this Information Statement.

Why has the Company decided to merge with Greater Media?

We believe that the Merger with Greater Media will provide substantial strategic and financial benefits to our Company and our stockholders, including the following:

that the Merger will result in the creation of a combined company with a more geographically diverse footprint and financial profile than the Company on a stand-alone basis;

that the Merger is expected to (i) increase the Company's scale, (ii) enhance the Company's ability to compete in certain markets and (iii) improve the Company's financial strength and flexibility;

the Board's familiarity with the business, operations, properties and assets of Greater Media, including the competitive environment; and

the complementary strengths that are believed to exist within each company that can be leveraged for the benefit of the combined company.

Please see "Reasons for the Merger" beginning on page 24 for a detailed discussion of the reasons for and anticipated benefits of the Merger.

Did the Board approve and recommend the Merger?

Yes. On July 19, 2016, the Board unanimously (i) determined that it is advisable, fair to, and in the best interests of the Company and its stockholders to enter into the Merger Agreement, (ii) adopted the Merger Agreement and approved the transactions contemplated thereby, including the Merger and the issuance of the Merger Shares, and (iii) recommended that the stockholders of the Company approve the issuance of the Merger Shares in connection with the Merger

To review the Board's reasons for approving such transactions and recommending such transactions to our stockholders, see "Reasons for the Merger" beginning on page 24.

What will happen in the Merger?

Pursuant to the Merger Agreement, Merger Sub will merge with and into Greater Media, with Greater Media as the surviving entity. Upon the completion of the Merger, the separate corporate existence of Merger Sub will cease and Greater Media will continue as the surviving corporation and an indirect wholly owned subsidiary of the Company.

What will the current stockholders of Greater Media receive in the Merger?

The proceeds to be paid to the stockholders of Greater Media are expected to consist of (i) approximately \$100 million in cash and (ii) approximately \$25 million in shares of the Company's Class A common stock, which is equal to 5,422,993 shares at a fixed value of \$4.61 per share. The Merger Consideration is subject to adjustment for changes in working capital of Greater Media, outstanding debt of Greater Media and its subsidiaries as of the date of the closing and certain other payments and expenses. Additional Merger Shares may be issued in connection with such adjustment. In addition, the stockholders of Greater Media will receive the net cash proceeds from the sale of Greater Media's tower assets, estimated to be approximately \$20 million.

Table of Contents

What percentage of Common Stock will Greater Media's current stockholders own, in the aggregate, after the Merger?

Following consummation of the Merger, based on the Company's capitalization as of July 19, 2016, we estimate that the current Greater Media stockholders will own approximately 19% of the outstanding shares of common stock and approximately 45% of the outstanding shares of Class A common stock of the combined company, and control approximately 3% of the voting power of the combined company, on all matters other than the election of directors. Therefore, the issuance of Merger Shares in connection with the Merger will cause a significant reduction in the relative percentage interests of our existing stockholders in the earnings, voting power and market value of the Company.

What will be the composition of the board of directors of the Company following the Merger?

Currently, the Board has fixed the number of directors at eight. Under the terms of the Investor Rights Agreement that will be entered into as part of the transactions contemplated by the, the Company will be obligated to fix the number of director seats on the Board at nine and appoint one individual designated by the current Greater Media stockholders to fill the vacancy created by expanding the Board. The Greater Media stockholders have selected Peter A. Bordes, Jr. as their designee. At the effective time of the Merger, the Board will act to appoint Mr. Bordes to the Board.

Who will be the officers of the Company following the Merger?

The composition of the Company's executive officers is not expected to change as a result of the closing of the Merger.

When do you expect the Merger to be completed?

We are working to complete the Merger as quickly as possible. We expect to complete the Merger during the fourth quarter of calendar 2016, assuming that all of the conditions set forth in the Merger Agreement have been satisfied or waived. However, because the Merger is subject to a number of conditions, some of which are beyond the control of the Company and Greater Media, the precise timing for completion of the Merger cannot be predicted with certainty. For a discussion of the conditions to the completion of the Merger and of the risks associated with the failure to satisfy such conditions, please see "The Merger Agreement" beginning on page 29 and "Risk Factors - The Merger may not be completed, which could adversely affect our business operations and stock price and subject us to a number of risks" on page 13.

What if the Merger does not close?

If the closing of the Merger does not occur, then Greater Media and its business will not be combined with the Company, the Company will continue to operate its business as a separate entity and the Company will not issue the Merger Shares.

In addition, in certain circumstances, the Company may owe Greater Media a termination fee upon the termination of the Merger Agreement, specifically, the Merger Agreement provides that the Company shall pay Greater Media a termination fee of (a) \$6.39 million if Greater Media terminates the Merger Agreement because all conditions to closing have been satisfied and the Company has not consummated the Merger due to the failure of debt financing to be available (provided that Greater Media is not also able to terminate the Merger Agreement due to the Company's breach) or (b) \$12.78 million if (i) Greater Media terminates the Merger Agreement due to a breach of a representation or covenant by the Company such that an applicable condition to closing is not satisfied or (ii) Greater Media terminates the Merger Agreement because the Company has failed to consummate the Merger when required by the

Merger Agreement, in circumstances where debt financing was available.

Table of Contents

Furthermore, if the Merger is not completed, and depending on the circumstances that would have caused the Merger not to be completed, it is likely that the price of the Company's Class A common stock will decline. If that were to occur, it is uncertain when, if ever, the price of the Company's Class A common stock would return to the price at which it trades as of the date of this Information Statement.

Is stockholder approval of the Merger Agreement or Merger necessary?

Under the Delaware General Corporation Law, the Company's stockholders are not required to approve the Merger. However, because the Company's Class A common stock is listed on The NASDAQ Global Market, it is subject to NASDAQ Listing Rule 5635(a), pursuant to which stockholder approval is required to issue shares of common stock (or securities convertible into or exercisable for common stock) with voting power equal to or in excess of 20% of the voting power of the shares outstanding before such issuance or equal to or more than 20% of the number of shares outstanding before such issuance.

The Merger Shares to be issued in connection with the Merger will equal approximately 23.3% of the number of shares of Company Common Stock outstanding immediately prior to the effective time of the Merger. Accordingly, the approval of the Company's stockholders is required because the issuance of the Merger Shares will result in an issuance in excess of 20% of the number of the shares of Company Common Stock outstanding before such issuance.

Why am I not being asked to vote on the issuance of shares of Class A common stock in connection with the Merger?

On July 19, 2016, the Approving Stockholders, representing, in the aggregate, approximately 62.4% of the voting power of the issued and outstanding Company Common Stock, executed a written consent approving the issuance of the Merger Shares in accordance with the NASDAQ Listing Rules. As a result, because stockholder approval has already been obtained, no further action by any other stockholder of the Company is required. The approval of the issuance of the Merger Shares in the Stockholders' Written Consent will not be effective until the date that is 20 calendar days after this Information Statement is first sent or given to our stockholders.

Why did I receive this Information Statement?

Provisions of federal securities laws and regulations and Delaware law require us to provide you with information regarding the Merger, the Merger Agreement and the issuance of the Merger Shares and require us to provide you with notice of the Stockholders' Written Consent delivered by the holders of our Common Stock having not less than the minimum number of votes that would be necessary to authorize or take such action, even though your vote or consent is neither required nor requested in connection with such transactions.

Am I entitled to appraisal rights?

No. Holders of Company Common Stock will not be entitled to exercise appraisal or dissenters' rights under Delaware law in connection with the Merger and the issuance of Merger Shares in connection with the Merger.

Who can answer any of my questions?

If you have any questions after reading this Information Statement, please write to Beasley Broadcast Group, Inc., Attention: Secretary, 3033 Riviera Drive, Suite 200, Naples, Florida 34103.

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Information Statement contains forward-looking statements about the Company and Greater Media within the meaning of the Private Securities Litigation Reform Act of 1995, which relate to future, not past, events. All statements other than statements of historical fact included in this document are forward-looking statements. These forward-looking statements are based on the current beliefs and expectations of the Company's management and are subject to known and unknown risks and uncertainties. Words or expressions such as expects, anticipates, intends, plans, believes, estimates, may, will, plans, projects, could, should, would, seek, forecast, or help identify forward-looking statements.

Forward-looking statements by their nature address matters that are, to different degrees, uncertain. Although the Company believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that the expectations will be attained or that any deviation will not be material. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. The Company and Greater Media undertake no obligation to update or revise any forward-looking statements.

Forward-looking statements involve a number of risks and uncertainties, and actual results or events may differ materially from those projected or implied in those statements. Factors that could cause actual results or events to differ materially from these forward-looking statements include, but are not limited to:

the risk that the Merger may not be completed;

the ability of the Company to obtain debt financing for the Merger;

the risk that, under certain circumstances, the Company may be required to pay a termination fee to Greater Media;

the ability to successfully combine the businesses of the Company and Greater Media;

the incurrence of significant transaction and other Merger-related fees and costs;

the risk that the public assigns a lower value to Greater Media's business than the value used in negotiating the terms of the Merger;

the effects of the Merger on the interests of the Company's current stockholders in the earnings, voting power and market value of the Company;

the risk that the Merger may not be accretive to the Company's current stockholders;

the risk that any goodwill or identifiable intangible assets recorded due to the Merger could become impaired;

the risk that the Merger may prevent the Company from acting on future opportunities to enhance stockholder value;

the impact of the issuance of the Merger Shares in connection with the Merger;

the risk due to business uncertainties and contractual restrictions while the Merger is pending that could disrupt the Company's business;

the ability of the Company to achieve the expected cost savings, synergies and other benefits from the proposed Merger within the expected time frames or at all;

the incurrence of unexpected costs, liabilities or delays relating to the Merger;

the risk that a closing condition to the proposed Merger may not be satisfied;

the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement; and

Table of Contents

other economic, business, competitive, and regulatory factors affecting the businesses of the Company and Greater Media generally, including those set forth in the Company's filings with the SEC, including its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other SEC filings.

All written and oral forward-looking statements attributable to the Company or Greater Media or persons acting on behalf of the Company or Greater Media are expressly qualified in their entirety by such factors. For additional information with respect to these factors, please see the section entitled "Where You Can Find More Information" beginning on page 61 of this Information Statement.

Table of Contents

RISK FACTORS

You should carefully read and consider the following risk factors, as well as the other information contained and referred to in this Information Statement. In addition, you should carefully read and consider the risks associated with the business of the Company as disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (attached hereto as Annex B) and Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016 (attached as Annex C and Annex D, respectively).

The Merger may not be completed, which could adversely affect our business operations and stock price and subject us to a number of risks.

If the Merger is not completed for any reason, we would still remain liable for significant transaction costs, including, in certain circumstances, termination fees of up to \$12,780,000, and the focus of our management would have been diverted from seeking other potential strategic opportunities, in each case without realizing any benefits of a completed Merger. For these and other reasons, a failed Merger could adversely affect our financial condition and results of operations. Furthermore, if we do not complete the Merger, the market price of our Class A common stock may decline significantly from the current market price and our current stockholders will not enjoy the benefits of holding stock in the combined company. Certain costs associated with the Merger have already been incurred or may be payable even if the Merger is not completed.

Further, a failed transaction may result in negative publicity or a negative impression of us in the investment community. And any disruptions to our business resulting from the announcement and pendency of the Merger, including any adverse changes in our relationships with our advertisers and employees could continue or accelerate in the event of a failed transaction.

The failure to obtain debt financing in the form of a new \$265.0 million Term Loan B Facility would adversely affect our ability to close the Merger.

In connection with the closing of the Merger, we anticipate that Beasley Mezzanine Holdings, LLC (the **Borrower**), a direct subsidiary of the Company, Royal Bank of Canada (**RBC**) and U.S. Bank National Association (**US Bank**), will enter into a credit facility pursuant to a commitment letter dated July 19, 2016 (the **Commitment Letter**) consisting of (a) a term loan B facility in the amount of \$265.0 million and (b) a revolving credit facility of \$20.0 million. The Commitment Letter provides that we will borrow all of the \$265.0 million term loan at the closing of the Merger, which will be used to pay a portion of the purchase price and fees, costs and expenses incurred in connection with the Merger and to repay existing third party indebtedness of the Borrower and Greater Media.

The obligations of RBC and US Bank to provide the debt financing under the Commitment Letter are subject to certain customary closing conditions, including the consummation of the Merger. If we fail to complete the Merger before January 19, 2017, RBC and US Bank may terminate their commitments under the Commitment Letter; provided that such termination date will automatically extend by an additional three months in certain circumstances. The failure to obtain this debt financing would adversely affect our ability to fund all of our anticipated closing payments in connection with the Merger, could result in a breach of our covenants under the Merger Agreement and could result in the termination of the Merger Agreement.

Table of Contents

We have substantial debt and will incur additional debt to complete the Merger, which could have important consequences to our current stockholders.

We have debt that is substantial, and we will incur additional debt to complete the Merger. As of June 30, 2016, we had long-term debt of \$83.0 million and after completion of the Merger we expect our long-term debt to increase to \$265.0 million. This substantial amount of long-term debt could have an impact on our current stockholders. For example, it could:

require us to dedicate a substantial portion of our cash flow from operations to debt service, thereby reducing the availability of cash flow for other purposes, including ongoing capital expenditures and future acquisitions;

impair our ability to obtain additional financing for working capital, capital expenditures, future acquisitions and general corporate or other purposes;

limit our ability to compete, expand and make capital improvements;

increase our vulnerability to economic downturns, limit our ability to withstand competitive pressures and reduce our flexibility in responding to changing business and economic conditions; and

limit or prohibit our ability to pay dividends and make other distributions.

In the event that a closing condition to the proposed Merger is not satisfied the Merger may not be completed and we may be required to pay a termination fee to Greater Media.

The Merger Agreement contains closing conditions, which are described in the section *The Merger Agreement Conditions to the Completion of the Merger* beginning on page 34. If we are unable to satisfy or obtain a waiver for these conditions, we will be unable to complete the Merger, and we will be subject to a number of risks as detailed in these Risk Factors.

The Merger Agreement also provides that we shall pay Greater Media a termination fee of (i) \$6.39 million if Greater Media terminates the Merger Agreement because all conditions to closing have been satisfied and the Company has not consummated the Merger due to the failure of debt financing to be available or (ii) \$12.78 million if Greater Media terminates the Merger Agreement due to our breach of a representation or covenant such that the applicable closing condition is not satisfied or if Greater Media terminates the Merger Agreement because we have failed to consummate the Merger when required by the Merger Agreement, in circumstances where debt financing was available. The incurrence of such fees could adversely affect our financial condition and results of operations.

The failure to successfully combine our business with Greater Media's business in the expected time frame may adversely affect our financial condition and results of operations.

The success of the Merger will depend, in part, on the ability of the combined company to realize the anticipated benefits from combining our business with Greater Media's business. If a successful combination of the businesses

does not occur, the anticipated benefits of the Merger may not be realized fully or at all or may take longer to realize than expected. The difficulties of combining the operations of the two businesses include:

managing a significantly larger company;

integrating two unique business cultures, which may prove to be incompatible;

the possibility of faulty assumptions underlying expectations regarding the integration process;

consolidating corporate and administrative infrastructures and eliminating duplicative operations;

the diversion of management's attention from ongoing business concerns and any potential performance shortfalls as a result of such diversion;

Table of Contents

unanticipated issues in integrating information technology, communications and other systems;

costs or inefficiencies associated with integrating the operations of the combined company; and

unforeseen expenses, liabilities or delays associated with the Merger.

The Company and Greater Media have operated and, until the completion of the Merger, will continue to operate independently. Even if the operations are combined successfully, the combined company may not realize the full benefits of the merger on the anticipated timeframe, or at all. These integration matters could have an adverse effect on our financial condition and results of operations.

We will incur significant transaction and other Merger-related fees and costs.

We expect to incur costs associated with combining the operations of our business with those of Greater Media, as well as transaction fees and other costs related to the Merger. The total transaction costs to consummate the Merger are estimated to be approximately \$11.7 million including estimated debt issuance costs of \$10.6 million, which do not include any costs to be borne by Greater Media. The amount of transaction costs expected to be incurred is a preliminary estimate and subject to change. In addition, it is expected that our costs related to legal and regulatory compliance may increase substantially, at least in the near term, because Greater Media has not previously been required to comply with the reporting, internal control, public disclosure and similar legal and regulatory compliance obligations applicable to publicly traded companies. Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, may offset incremental transaction and Merger-related costs over time, this net benefit may not be achieved in the near term or at all.

Further, while the Merger is pending we will continue to incur costs, fees, expenses and charges related to the Merger, which may materially and adversely affect our financial condition and results of operations. These costs, fees and expenses may exceed the expected level of such liabilities and materially affect the benefit of the Merger to the Company and our stockholders.

If the public markets assign lower values to Greater Media's business than the values used in negotiating the terms of the Merger, the trading price of our Class A common stock may decline.

The stock of Greater Media is not publicly traded, so there is no current market-based valuation for Greater Media's business. In negotiating the Merger, we used what we believe to be a reasonable valuation for Greater Media. However, the public markets may not value Greater Media's business in the same manner as we have valued it for purposes of negotiating the terms of the Merger. Based on the performance of the combined company, the market may conclude that the value assigned to Greater Media in the Merger was too high. In this event, the trading price of our Class A common stock may decline.

The issuance of at least 5,422,993 shares of our Class A common stock in the Merger will substantially reduce the percentage interests of our existing stockholders in the earnings, voting power and market value of the Company.

We will issue at least 5,422,993 shares of Class A common stock in the Merger, subject to adjustment for changes in working capital of Greater Media, outstanding debt of Greater Media and its subsidiaries as of the date of the closing, and certain other payments and expenses. Upon completion of the Merger and the issuance of these shares, we estimate that former stockholders of Greater Media will own approximately 19% of the outstanding shares of common

stock and approximately 45% of the outstanding shares of Class A common stock of the combined company, and control approximately 3% of the voting power of the combined company, on all matters other than the election of directors. The issuance of the Merger Shares in connection with the Merger will cause a significant reduction in the relative percentage interests of our existing stockholders in the earnings, voting power and market value of the Company.

Table of Contents

The Merger may not be accretive to our current stockholders.

Excluding transaction costs, the transaction is expected to be accretive to our operating results immediately upon closing (inclusive of expected financial and operating synergies and the planned divestiture of certain stations). The extent and duration of any accretion will depend on several factors, including the amount of merger-related expenses we incur that are charged against our earnings and the results of operations of the Greater Media business, which will not be known until after the merger is completed. If expenses charged against earnings are higher than we expect or the Greater Media business does not achieve the revenue and earnings growth we project, the Merger may not be accretive at all. In such event, the trading price of our Class A common stock may decline.

Any goodwill or identifiable intangible assets that we record due to the Merger could become impaired, which would adversely affect our results of operations.

Under generally accepted accounting principles (GAAP), the Merger will be accounted for under the acquisition method of accounting as a purchase by the Company of Greater Media. Under the acquisition method of accounting, the total implied purchase price paid for Greater Media in the Merger will be allocated to Greater Media's tangible assets and liabilities and identifiable intangible assets based on their fair values as of the date of completion of the Merger. The excess of the purchase price over those fair values will be recorded as goodwill. We expect that the Merger will result in the creation of goodwill based upon the application of acquisition accounting. To the extent the value of goodwill or identifiable intangible assets become impaired, we may be required to incur material non-cash charges relating to such impairment. Such a potential impairment charge could adversely affect our results of operations.

The Merger may prevent us from acting on future opportunities that may enhance stockholder value.

In the future, opportunities for a business combination could become available that might permit us to enhance our ability to compete and enhance stockholder value on more favorable terms than the Merger currently presents. The fact that the Merger was either completed or not completed or is pending could prevent us from pursuing such opportunities.

While the Merger is pending, we are subject to business uncertainties and contractual restrictions that could disrupt our business or give rise to the termination of the Merger Agreement.

The Merger Agreement contains customary representations, warranties and covenants of the parties, including, among others, covenants to conduct our businesses in the ordinary course between the execution and delivery of the Merger Agreement and the consummation of the Merger and not to engage in certain kinds of transactions during such period (including the payment of dividends other than our routine quarterly dividend declared and paid in the ordinary course). These restrictions could be in place for an extended period of time if the consummation of the Merger is delayed, which could adversely affect our financial condition and results of operations. In addition to the closing conditions detailed above, the occurrence of certain events, changes in circumstances or other factors could lead the termination of the Merger Agreement, which could adversely affect our financial condition and results of operations.

Table of Contents

THE MERGER

This discussion of the Merger is qualified in its entirety by reference to the Merger Agreement, which is attached to this Information Statement as Annex A. You should read the entire Merger Agreement carefully as it is the legal document that governs the Merger.

The Companies

Our Company

We are a publicly traded Delaware corporation, whose shares of Class A common stock are traded on The NASDAQ Global Market under the ticker symbol BBGI. Our principal offices are located at 3033 Riviera Drive, Suite 200, Naples, Florida 34103, and our phone number is (239) 263-5000.

We are a radio broadcasting company whose primary business is operating radio stations throughout the United States. We own and operate 52 radio stations in the following radio markets: Atlanta, GA, Augusta, GA, Boston, MA, Charlotte, NC, Fayetteville, NC, Fort Myers-Naples, FL, Greenville-New Bern-Jacksonville, NC, Las Vegas, NV, Philadelphia, PA, Tampa-Saint Petersburg, FL, West Palm Beach-Boca Raton, FL, and Wilmington, DE.

We seek to secure and maintain a leadership position in the markets we serve by developing market-leading clusters of radio stations in each of our markets. We operate our radio stations in clusters to capture a variety of demographic listener groups, which we believe enhances our radio stations' appeal to a wide range of advertisers. In addition, we have been able to achieve operating efficiencies by consolidating office and studio space where possible to minimize duplicative management positions and reduce overhead expenses.

Merger Sub

Merger Sub was formed as a Delaware corporation by an indirect subsidiary of the Company solely for the purpose of completing the transactions contemplated by the Merger Agreement. Merger Sub is an indirect wholly owned subsidiary of the Company and has not carried on any activities to date, except for activities incidental to its incorporation and activities undertaken in connection with the transactions contemplated by the Merger Agreement.

Greater Media

Greater Media is a Delaware corporation. Its address is 35 Braintree Hill Park, Suite 300, Braintree, MA 02184.

Greater Media celebrated its 60th anniversary in broadcasting on March 31, 2016. Owned by the Bordes family, the Company was founded in 1956 by Yale classmates Peter A. Bordes and Joseph Rosenmiller and grew from the ownership of a single radio station in Southbridge, Massachusetts to a diversified portfolio of successful communications companies. Today, Greater Media is the parent company of 21 AM and FM radio stations in Boston, MA, Charlotte, NC, Detroit, MI, Philadelphia, PA and New Jersey.

General Description of the Merger

Pursuant to the terms of the Merger Agreement, the Company agreed to acquire all of the issued and outstanding common stock of Greater Media for an aggregate purchase price of \$239,875,000, inclusive of the repayment of approximately \$82 million of Greater Media's outstanding debt and the payment of certain transaction expenses. The proceeds to be paid to the stockholders of Greater Media are expected to consist of (i) approximately \$100 million in

cash and (ii) approximately \$25 million in shares of the Company's Class A common stock which is equal to 5,422,993 shares at a fixed value of \$4.61 per share. The Merger Consideration

Table of Contents

is subject to adjustment for changes in working capital of Greater Media, outstanding debt of Greater Media and its subsidiaries as of the date of the closing and certain other payments and expenses. Additional Merger Shares may be issued in connection with such adjustment. In addition, the stockholders of Greater Media will receive the net cash proceeds from the sale of Greater Media's tower assets, estimated to be approximately \$20 million.

NASDAQ Stockholder Approval Requirement

The Company's Class A common stock is listed on The NASDAQ Global Market. Pursuant to NASDAQ Listing Rule 5635(a), stockholder approval is required to issue shares of common stock (or securities convertible into or exercisable for common stock) with voting power equal to or in excess of 20% of the voting power of the shares outstanding before such issuance or equal to or more than 20% of the number of shares outstanding before such issuance. The Merger Shares to be issued in connection with the Merger will equal approximately 23.3% of the number of shares of Company Common Stock outstanding immediately prior to the effective time of the Merger. Accordingly, the issuance of the Merger Shares in connection with the Merger requires stockholder consent.

Stockholder Action by Written Consent

On July 19, 2016, the Approving Stockholders, representing, in the aggregate, approximately 62.4% of the voting power of the issued and outstanding Company Common Stock, executed a written consent approving the issuance of the Merger Shares in connection with the Merger in accordance with the NASDAQ Listing Rules.

Accordingly, because majority stockholder approval has already been obtained, no further action by any other stockholder of the Company is required to approve the issuance of the Merger Shares under the NASDAQ Listing Rules. There is no requirement under Delaware law requiring consent of the stockholders of the Company to the Merger itself. The approval of the corporate actions in the Stockholders' Written Consent will become effective on the date that is 20 calendar days after this Information Statement is first sent or given to our stockholders.

Background of the Merger

During the past several years, as part of its ongoing management of the business and affairs of the Company, the Board regularly reviewed and evaluated available strategic alternatives and considered ways to enhance the Company's performance and prospects in light of then-current business and economic conditions. In connection with this review, the Company from time to time evaluated potential transactions that would further its strategic objectives.

From time to time during the past two years prior to November, 2015, B. Caroline Beasley, Interim Chief Executive Officer, Executive Vice President and Chief Financial Officer of the Company, and Peter H. Smyth, Chairman and Chief Executive Officer of Greater Media met in the scope of their professional activities, as well as at social gatherings. These meetings, did not involve discussions or negotiations with respect to a potential transaction.

During November 2015 and the first two weeks of December 2015, Ms. Beasley met several times with Mr. Smyth to engage in preliminary exploratory discussions about a potential transaction. On December 15, 2015, Ms. Beasley met with Mr. Smyth and a representative of Rockdale Partners, Greater Media's financial advisor (**Rockdale**), at the Links Club in New York to continue the preliminary exploratory discussions about the potential transaction. As a result of that meeting, in early January 2016, Ms. Beasley engaged Latham & Watkins LLP (**Latham**) as the Company's legal advisor for the proposed transaction.

To facilitate further discussions and to enable Greater Media to share information with the Company, on January 8, 2016, Rockdale delivered an initial draft of a confidentiality agreement to the Company. The parties

Table of Contents

exchanged drafts of the confidentiality agreement over the next few days and on January 13, 2016, the Company and Greater Media executed the confidentiality agreement. Following the execution of the confidentiality agreement, Greater Media provided the Company with written diligence materials about its business.

On January 21, 2016, Ms. Beasley met with Mr. Smyth and a representative of Rockdale at the Four Seasons Hotel in Boston and discussed a number of topics related to the potential transaction, including certain expense reductions being contemplated by Greater Media, Greater Media's commission plan and pension liabilities and Greater Media's plans with respect to its tower assets. At that meeting, the participants also discussed the current state of Greater Media's business and the competition in its various markets.

Following these discussions, during the week of January 25, 2016, Ms. Beasley worked with Latham to develop a preliminary non-binding term sheet to frame discussions between the parties regarding the proposed transaction. On February 3, 2016, Ms. Beasley sent to Rockdale an initial draft of a preliminary non-binding term sheet (the **Term Sheet**) reflecting the Company's understanding of the terms pursuant to which the parties would effectuate the merger. The Term Sheet proposed that the Company would acquire all of the outstanding stock of Greater Media for a purchase price of \$250 million, consisting of cash and non-cash consideration. The Term Sheet stated that the purchase price (i) assumed that Greater Media would complete certain previously contemplated expense reductions and (ii) would be subject to (x) adjustment for pension liabilities in excess of an agreed upon amount and (y) customary adjustments for outstanding debt, net working capital and transaction expenses. The Term Sheet also proposed that a portion of the non-cash consideration would be held in escrow as a source of recovery for any post-closing purchase price adjustments. The Term Sheet proposed various closing conditions to the completion of the transaction, including that the Company would be able to complete the financing of the transaction. The Term Sheet also provided that the Greater Media stockholders would provide customary indemnification to the Company for breaches of representations, warranties and pre-closing covenants. Finally, the Term Sheet proposed that Greater Media would agree to work with the Company exclusively for a period of ninety (90) days to negotiate the transaction.

On February 9, 2016, Ms. Beasley, along with representatives of Latham, met by telephone with representatives of Rockdale and Debevoise & Plimpton LLP (**Debevoise**), Greater Media's outside legal advisor, regarding the Term Sheet. During that discussion, representatives of both Rockdale and Debevoise noted that Greater Media was continuing to review the proposed Term Sheet and that many issues remained open. Specifically, the parties needed to resolve the form and terms of the non-cash consideration, and the treatment of the pension liabilities and transaction expenses, including severance liabilities. In addition, the parties discussed Greater Media's expectations with respect to the completion of certain expense reductions and Ms. Beasley noted the Company's expectation that such expense reductions would be completed prior to the completion of the proposed transaction. The parties also discussed the possibility of Greater Media selling certain of its tower assets prior to the completion of the transaction between the Company and Greater Media. Finally, representatives of Debevoise stated that Greater Media would not agree to a financing condition and that, if the parties were able to make progress on the open issues, Greater Media would then consider the exclusivity request.

During the week of February 15, 2016, George G. Beasley, the Company's Chief Executive Officer and Chairman of the Board, and Ms. Beasley met with Mr. Smyth at the Company's offices in Naples, Florida. Although the meeting was largely introductory, the participants also discussed Greater Media's business.

On February 19, 2016, Debevoise sent to Latham a list of the issues raised by the Term Sheet which proposed, among other things, (i) in addition to the adjustments proposed by the Company, the purchase price would be increased by the amount of cash outstanding at Greater Media at the closing of the proposed transaction, (ii) Greater Media's liability for transaction expenses would not include severance costs, (iii) the purchase price adjustment related to pension

liabilities would be a two-way adjustment to the extent pension liabilities were below an agreed-upon threshold, (iv) the Greater Media stockholders would not provide

Table of Contents

indemnification to the Company and (v) in lieu of a financing condition, a reverse termination fee of \$10 million payable by the Company in the event the Company's debt financing is not available and specific performance is not available as a remedy.

On February 22, 2016, Ms. Beasley met by telephone with representatives of Rockdale regarding the cash flows of Greater Media and other issues raised by Greater Media's issues list.

On February 25, 2016, Mr. George Beasley and Ms. Beasley, along with Bruce G. Beasley, President and Chief Operating Officer of the Company (by telephone), Brian E. Beasley, Executive Vice President Operations of the Company, and Marie Tedesco, Vice President of Finance of the Company, met with Mr. Smyth and representatives of Rockdale (by telephone) at Mr. George Beasley's residence in Naples, Florida to discuss Greater Media's business, including performance in its various markets, the use of consultants as part of its business strategy and a potential format change for one of its stations in Detroit. In addition, the participants discussed potential synergies in the proposed transaction.

On February 26, 2016, representatives of Latham and Debevoise met by telephone to negotiate the Term Sheet and issues list and to discuss the legal aspects of the transaction generally, as well as the process for drafting definitive agreements to memorialize the terms of the transaction. Specifically, the advisors discussed issues related to (i) the various purchase price adjustments being contemplated by the parties, (ii) Greater Media's desire for a no indemnity deal and (iii) certain governance matters, including the rights of the Greater Media stockholders to appoint a representative to the Board following completion of the proposed transaction. In addition, representatives of Latham and Debevoise discussed a construct pursuant to which Greater Media would sell certain of its tower assets prior to the closing of the proposed transaction. Following this discussion of the open issues in the revised Term Sheet, the parties agreed that it was appropriate to begin drafting the definitive Merger Agreement, with Debevoise being responsible for preparing the initial draft.

On March 1, 2016, Ms. Beasley met with representatives of Rockdale at the offices of Rockdale in New York. During that meeting, the participants discussed Greater Media's contemplated expense reductions, pension liabilities and retention bonuses.

Given that the proposed non-cash portion of the merger consideration was likely to consist of equity of the Company, Greater Media indicated that it desired to conduct a diligence review of the Company. Therefore, to facilitate further discussions and to enable the delivery of confidential information from the Company to Greater Media, in late February, 2016, the parties exchanged drafts of a confidentiality agreement detailing Greater Media's confidentiality obligations. On March 3, 2016, the Company and Greater Media executed such confidentiality agreement. From time to time following the execution of such confidentiality agreement, the Company provided Greater Media with written diligence material about its business.

On March 5, 2016, Debevoise delivered an initial draft of the Merger Agreement to Latham.

During the weeks following March 5, 2016, Ms. Beasley met with representatives of potential lenders to discuss financing for the potential transaction.

On March 20, 2016, Latham delivered a revised draft of the Merger Agreement to Debevoise which was subsequently followed by a further revised draft of the Merger Agreement from Latham a week later. The further revised draft contained additional revisions resulting from a further review by executives at the Company, including Joyce Fitch, General Counsel of the Company.

On March 30, 2016, Debevoise sent to Latham a list of the issues raised by the revised draft of the Merger Agreement which noted, among other things, that (i) the purchase price should take into account all cash outstanding at Greater Media at the closing of the proposed transaction, (ii) the proposed purchase price adjustment related to the sale of Greater Media's tower assets should take into account certain taxes and fees,

Table of Contents

(iii) the Greater Media stockholders would be responsible for certain severance costs, but not for retention bonuses payable in connection with the transaction, and (iv) Greater Media's pre-closing expense reductions would be discussed and agreed amongst the parties. In addition, this issues list reiterated that Greater Media's stockholders were not willing to provide indemnification to the Company and, in lieu of a financing condition, Greater Media continued to propose a reverse termination fee of \$10 million payable by the Company in the event the Company's debt financing is not available and specific performance is not available as a remedy. On March 31, 2016, representatives of Latham and Debevoise spoke briefly on the telephone regarding the issues list and, following such discussion the Company and Greater Media agreed that an in person meeting would be productive.

On April 5, 2016, Ms. Beasley, Ms. Fitch and Marie Tedesco, Vice President of Finance of the Company, along with representatives of Latham, met with Mr. Smyth and representatives of Rockdale and Debevoise at the offices of Debevoise in New York to discuss various open issues in the transaction. The parties discussed at length Greater Media's plans to sell its tower assets prior to the consummation of the transaction between the Company and Greater Media and a related purchase price adjustment. The parties also discussed the status of Greater Media's proposed expense reductions and the parties' expectations with respect to such actions in connection with the proposed transaction. The parties also discussed Greater Media's proposal for a no indemnity deal and, after much discussion, the Company agreed to that approach; provided that Greater Media agree to bear certain costs of a premium associated with the Company obtaining a representation and warranty insurance policy. In addition, the parties discussed the other issues outlined in the issues list provided by Debevoise. At the conclusion of the meeting, the parties again discussed the Company's request that Greater Media agree to work exclusively to negotiate the transaction. Greater Media again deferred the Company's request.

Following the meeting the week prior, on April 12, 2016, Debevoise delivered an updated version of the March 30th issues list, annotated to reflect the discussions between the parties during the meeting on April 5, 2016. In addition to the issues discussed above, the remaining issues included, among other things, (i) purchase price adjustments related to the cash outstanding at Greater Media at the closing of the proposed transaction, (ii) the exclusion of certain retention bonus obligations from Greater Media's transaction expenses, (iii) whether the Company expected to have committed financing at the time of signing of the Merger Agreement and which party would bear the associated commitment fees and (iv) the size of a reverse termination fee payable by the Company in the event the Company's debt financing is not available and specific performance is not available as a remedy.

During the weeks following the April 5th meeting, Ms. Beasley met with representatives of potential lenders to discuss financing for the potential transaction.

On April 25, 2016, representatives of Latham and Debevoise met by telephone to discuss the issues list. Specifically, they discussed the (i) purchase price adjustments related to the cash outstanding at Greater Media at the closing of the proposed transaction, (ii) the payment of commitment fees related to the Company's committed financing and (iii) certain severance obligations. In addition, the advisors discussed simplifying the purchase price adjustment related to the sale of Greater Media's tower assets. The advisors then discussed some legal matters related to the transaction, including the potential form of the non-cash consideration and related governance terms. Finally, the advisors discussed the current status of the transaction and the financial and legal diligence between the parties.

On April 28, 2016, Ms. Beasley and Ms. Tedesco met with representatives of Greater Media and Rockdale at the offices of Rockdale in New York to discuss Greater Media's expectations for future performance, potential expense reductions and competition in its various markets.

During May 2016, the Company retained RBC Capital Markets, LLC (**RBC Capital Markets**) as its financial advisor for the proposed transaction, which was subsequently documented by an engagement letter executed in July 2016.

Table of Contents

On May 7, 2016, Debevoise delivered to Latham a further revised draft of the Merger Agreement. During the next two weeks, representatives of Latham and Debevoise met numerous times by telephone to negotiate the Merger Agreement. The advisors discussed, among other things, the issues related to (i) Greater Media's obligations to complete its previously contemplated expense reductions, (ii) responsibility for the payment of commitment fees related to the Company's committed financing, (iii) responsibility for certain severance obligations and other post-closing obligations to continuing employees and (iv) the purchase price adjustment related to the sale of Greater Media's tower assets. In addition, on June 2, 2016, Debevoise delivered to Latham initial drafts of term sheets for the Investor Rights Agreement and the Registration Rights Agreement. Latham continued to exchange drafts of these term sheets with Debevoise until July 19, 2016.

Following these discussions, the parties determined to meet in person in New York on June 8, 2016 to further negotiate and resolve the open issues in the proposed transaction. In advance of such meeting, on June 5, 2016, Latham delivered to Debevoise a further revised draft of the Merger Agreement.

On June 7, 2016, Ms. Fitch, along with representatives of Latham, met by telephone with representatives of Debevoise to discuss the legal aspects of the transaction generally and negotiate certain provisions of the Merger Agreement, including the representations and warranties and certain covenants.

During the morning of June 8, 2016, Ms. Fitch, along with representatives of Latham, met with representatives of Debevoise at the offices of Debevoise in New York to continue their discussion of the legal aspects of the transaction. Later that afternoon, Ms. Beasley and representatives of Rockdale joined the meeting. The parties then discussed the economic aspects of the transaction. Specifically, after noting the recent performance of certain of Greater Media's stations, the Company proposed a purchase price adjustment based on a multiple of Greater Media's cash flows at the closing of the proposed transaction. In addition, the parties discussed issues related to (i) contractual requirements providing the Company certainty that Greater Media would complete certain expense reductions prior to the closing of the proposed transaction, and responsibility for related severance obligations, (ii) which party would bear the economic cost of the Company's committed financing, and (iii) the purchase price adjustments related to the sale of Greater Media's tower assets. The parties also discussed certain non-economic terms, including, among others, the size of the reverse termination fee payable by the Company to Greater Media in certain circumstances and the scope of the conduct of business covenant. At the conclusion of the meeting, the parties agreed to reconvene over the next few days to discuss possible solutions to the open issues.

On June 9, 2016, representatives of Latham and Debevoise met by telephone a number of times to exchange proposals regarding the open issues. No final decisions were made with respect to the open issues.

On June 15, 2016, representatives of Latham and Debevoise met by telephone to discuss the open issues in the proposed transaction. Representatives of Debevoise explained Greater Media's position on the open issues, including, (i) that Greater Media was willing to be responsible for certain severance costs, (ii) a proposal for a two-tiered reverse termination fee (i.e., a lower fee associated with a failure of financing and a higher fee associated with any other breach), and (iii) that the Greater Media stockholders expected to receive credit for the cash outstanding at Greater Media at the closing of the proposed transaction. In addition, Debevoise communicated an updated proposal regarding the mechanism for determining the purchase price adjustment associated with the sale of the Greater Media tower assets. Finally, in the context of their current proposal, Debevoise explained that Greater Media would be willing to agree to a purchase price reduction of \$5 million. On June 21, 2016, Ms. Beasley met by telephone with representatives of Rockdale to discuss the open issues in the proposed transaction, including each of the issues discussed by the advisors on June 15th.

On June 23, 2016, Ms. Beasley and Ms. Fitch, along with representatives of Latham, met by telephone with representatives of Rockdale and Debevoise to discuss the parties' positions with respect to the open items in the proposed transaction. In the course of that discussion, Greater Media agreed to a purchase price reduction of \$10 million and the parties discussed a framework for resolving the remaining open issues and finalizing the definitive documentation.

Table of Contents

Following these discussions, on June 28, 2016, Debevoise delivered a revised draft of the Merger Agreement to Latham. Following receipt of the revised draft, representatives of Latham and Debevoise met by telephone to negotiate the terms of the Merger Agreement and, on July 3, 2016, Latham delivered a revised draft of the Merger Agreement to Debevoise. On July 5, 2016, Ms. Beasley met by telephone with Mr. Smyth to discuss the performance of certain of Greater Media's stations.

On July 6, 2016, the Board met to consider the potential merger with Greater Media. Present at the meeting were members of the Company management and representatives of Latham and RBC Capital Markets. At the meeting, Ms. Beasley provided the Board with a summary of the negotiations with Greater Media, noting that she has previously spoken individually with each director as the negotiations have progressed. Representatives of RBC Capital Markets then summarized the terms of the proposed transaction, as contemplated at such time, outlined the strategic rationale for the proposed transaction and reviewed certain of the financial aspects of the proposed transaction, including the anticipated synergies, the proposed purchase price relative to various valuation metrics and the anticipated pro forma analysis of the combined company. Ms. Beasley then reiterated the primary business advantages offered by the proposed merger with Greater Media, including that the Merger is expected to increase the Company's scale, strengthen the Company's competitive positioning by adding assets in existing markets and improve the Company's financial strength and flexibility. Ms. Fitch reviewed with the Board their fiduciary duties under Delaware law with respect to the transaction. At the meeting, the Board expressed their desire to continue exploring the proposed transaction with Greater Media and authorized management to continue its negotiations.

On July 11, 2016, representatives of Latham and Debevoise met by telephone to discuss the open items. Following such discussions, on July 12, 2016, Debevoise delivered a revised draft of the Merger Agreement to Latham. Latham continued to exchange drafts of the Merger Agreement with Debevoise until July 19, 2016. In addition, on July 12, 2016, Ms. Beasley met by telephone with representatives of Rockdale to discuss issues related to the mechanism for determining the purchase price adjustment associated with the sale of the Greater Media tower assets.

On July 14, 2016, the Board met to consider the potential merger with Greater Media. Present at the meeting were members of the Company management and representatives of Latham. At the meeting, Ms. Beasley presented the current state of the negotiations with Greater Media, including the resolution of certain economic terms since the Board's prior meeting and reiterated to the Board the strategic rationale for the proposed merger. Latham presented a summary of the current draft of the Merger Agreement and the ancillary agreements, noting the items in such documents that had not yet been agreed. Following these presentations, the Board discussed the proposed terms of the Merger Agreement, including the governance arrangements and, in particular the right of the Greater Media stockholders to appoint a director to the Board. Following this discussion, the Board again expressed their desire to resolve the negotiations related to the Merger Agreement and their support for continuing to pursue the proposed merger and authorized the Company management to continue its negotiations with Greater Media.

During the next few days, Latham and Debevoise continued to exchange drafts of the Merger Agreement and related ancillary documents. Ms. Beasley and representatives of Rockdale exchanged multiple messages advising each other of the progress of the legal advisors and negotiating the open points related to the treatment of cash and related issues.

On July 19, 2016, the Board met to consider the potential merger with Greater Media. Present at the meeting were members of the Company management and representatives of Latham. At the meeting, Ms. Beasley reported on the final negotiations with Greater Media. Thereafter, representatives of Latham reviewed the final terms of the Merger Agreement, noting the changes from the prior board meeting. Ms. Fitch reviewed with the Company directors their fiduciary duties under Delaware law. Following discussion amongst the directors, the Board unanimously (i) determined that it is advisable, fair to, and in the best interests of the Company and its stockholders to enter into the Merger Agreement, (ii) adopted the Merger Agreement and approved the

Table of Contents

transactions contemplated thereby, including the Merger and the issuance of the Merger Shares, and (iii) recommended that the stockholders of the Company approve the issuance of the Merger Shares in connection with the Merger.

On July 19, 2016, the parties executed the Merger Agreement. The merger was announced later that afternoon in a press release issued by the Company.

Reasons for the Merger

In reaching the decision to proceed with the transactions contemplated by the Merger Agreement, including the Merger and the issuance of the Merger Shares, and recommend the issuance of the Merger Shares for approval by the Company's stockholders, the Board consulted with the Company's management and its legal and financial advisors, and considered a variety of factors with respect to such transactions, including those matters discussed in Background of the Merger. As discussed in greater detail below, these consultations included discussions regarding the Company's strategic business plan, the costs and risks of executing that business plan, its past and current business operations and financial condition, its future prospects, the strategic rationale for the transaction and the terms and conditions of the Merger Agreement.

The following discussion of the information and factors considered by the Board is not exhaustive. In view of the wide variety of factors considered in connection with the Merger, the Board did not consider it practical, nor did it attempt, to quantify or otherwise assign relative weight to different factors it considered in reaching its decision. In addition, individual members of the Board may have given different weight to different factors. The Board considered this information as a whole, and overall considered it to be favorable to, and in support of, its determination and recommendations.

Among the material information and factors considered by the Board were the following:

that the Merger would result in the creation of a combined company with a more geographically diverse footprint and financial profile than the Company on a stand-alone basis;

that the Merger is expected to (i) increase the Company's scale, (ii) enhance the Company's ability to compete in certain markets and (iii) improve the Company's financial strength and flexibility;

substantial synergy potential achievable in the near term by consolidating duplicative corporate departments and executive management teams and reducing duplicative costs, such as consulting and legal fees;

that the Company and Greater Media share a common operating philosophy, with a focus on strong core programming and targeted localism;

the Board's familiarity with the business, operations, properties and assets of Greater Media, including the competitive environment;

the complementary strengths that are believed to exist within each company that can be leveraged for the benefit of the combined company;

the use of Merger Shares as a portion of the consideration to be delivered to the Greater Media stockholders in the Merger, which Company management believes will allow the Company to maintain a leverage ratio that is appropriate for the Company's business strategy;

that the Company has received executed debt financing commitment letters from major financial institutions with significant experience in similar lending transactions, which, in the reasonable judgment of the Board, increases the likelihood of such financing being completed;

the Board's belief that the conditions to the closing of the Merger are capable of being satisfied;

Table of Contents

that the Merger Consideration and the other terms and conditions of the Merger Agreement, including the termination provisions, resulted from extensive arm's-length negotiations between the Company and its advisors, on the one hand, and Greater Media and its advisors, on the other hand; and

the relative likelihood or desirability of completing an alternative acquisition transaction or strategic transaction.

The Board also considered the potential risks of the Merger, including the following:

the dilutive effect on existing stockholders by the issuance of the Merger Shares to the Greater Media stockholders, along with the additional rights to be granted to the Greater Media stockholders pursuant to the Investor Rights Agreement and the Registration Rights Agreement;

the challenges inherent in the combination of two businesses of the size and scope of the Company and Greater Media, including the possibility of not achieving the anticipated efficiencies and other benefits of the Merger;

the possibility that the benefits of the transaction to the Company may be significantly less than anticipated given the challenges of combining the businesses, including the risk of diverting management resources for an extended period of time to accomplish this combination;

the risk that the proposed Merger might not be completed and the risks and costs to the Company if the Merger is not completed, including the potential effect of the resulting public announcement of the termination of the Merger Agreement on, among other things, the market price for Company Common Stock, the Company's operating results, the Company's ability to attract and retain key personnel and the Company's ability to complete an alternative transaction. The Merger might not be completed or unduly delayed due to, among other factors:

difficulties in obtaining the requisite financing;

difficulties in obtaining requisite regulatory approvals;

the occurrence of a material adverse effect on Greater Media's business;

that the Company may be required to pay Greater Media a termination fee of up to \$12,780,000 if the Merger Agreement is terminated in certain circumstances;

the provisions of the Merger Agreement restricting the conduct of the Company's business prior to the completion of the Merger;

the substantial costs involved in connection with entering into and completing the Merger and the time and effort of management required to complete such transactions and related disruptions to the operation of the Company's business;

the current and historical financial condition, results of operations, competitive position, business, prospects, liquidity, and strategic objectives of the Company, including potential risks involved in achieving such prospects and objectives, and the current and expected conditions in the general economy and the Company's industry; and

that, in the future, opportunities for a business combination could become available that might permit the Company to enhance its ability to compete and enhance stockholder value on more favorable terms than at present.

The Board believed that, overall, the potential benefits of the Merger to the Company and its stockholders outweigh the risks considered by the Board.

After considering the factors discussed above, the Board (i) determined that it is advisable, fair to, and in the best interests of the Company and its stockholders to enter into the Merger Agreement,

Table of Contents

(ii) adopted the Merger Agreement and approved the transactions contemplated thereby, including the Merger and the issuance of the Merger Shares, and (iii) recommended that the stockholders of the Company approve the issuance of the Merger Shares in connection with the Merger.

The Board realized that there can be no assurance about future results, including results considered or expected as described in the factors listed above. It should be noted that this explanation of the Board's reasoning and all other information presented in this section are forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading "Cautionary Statement Regarding Forward-Looking Statements" on page 11 of this Information Statement.

Interests of Executive Officers and Directors of the Company in the Merger

The Company's executive officers and directors do not have any material interests in the Merger that are different from, or in addition to, the interests of all stockholders.

Quantification of Payments and Benefits to Executive Officers.

There is no compensation payable to any of the Company's executive officers that is based on or otherwise relates to the Merger.

Impact of Stock Issuance on Existing Stockholders

The issuance of the Merger Shares will dilute the ownership percentage and voting interests of the Company's existing stockholders. Following consummation of the Merger, based on the Company's capitalization as of July 19, 2016, we estimate that the current Greater Media stockholders will own approximately 19% of the outstanding shares of common stock and approximately 45% of the outstanding shares of Class A common stock of the combined company, and control approximately 3% of the voting power of the combined company, on all matters other than the election of directors. Therefore, the ownership and voting interests of the Company's existing stockholders will be proportionately reduced.

In addition, the Merger Agreement contemplates that the parties or their affiliates will enter into the following additional agreements at Closing: (i) an Investor Rights Agreement and (ii) a Registration Rights Agreement. The Investor Rights Agreement would provide the current stockholders of Greater Media receiving Merger Shares with tag-along rights to participate in certain sales of equity securities by the Company and its affiliates and also would provide such stockholders with the right to nominate one director for election to the Company's Board, so long as they collectively hold at least 75% of the Merger Shares issued to them at the closing of the Merger. The Registration Rights Agreement would require, among other things, the Company to prepare and file with the SEC, not later than 20 days after the consummation of the Merger, a registration statement with respect to the resale of the Merger Shares by the current Greater Media stockholders.

U.S. Federal Income Tax Consequences of the Merger to the Company and its Stockholders

There are no material U.S. federal income tax consequences to the Company's existing stockholders that will result from the issuance of the Merger Shares in connection with the Merger.

Accounting Treatment of the Merger

The Merger will be accounted for as a business combination in accordance with Accounting Standards Codification Topic 805, Business Combinations. Under the guidance, the assets and liabilities of the acquired business, Greater Media, are recorded at their fair value at the date of acquisition. The excess, if any, of the purchase price over the estimated fair values is recorded as goodwill.

Table of Contents

Regulatory Approvals and Clearances

Antitrust Clearance

The transactions contemplated by the Merger Agreement are not notifiable under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the **HSR Act**) to the U.S. Antitrust Division of the Department of Justice (the **Antitrust Division**) and the U.S. Federal Trade Commission (the **FTC**).

Although the transactions contemplated by the Merger Agreement are not notifiable under the HSR Act, at any time before or after the completion of the Merger, the Antitrust Division or the FTC could take actions under U.S. antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the Merger, seeking divestiture of substantial assets of the parties or requiring the parties to license, or hold separate, assets or terminate existing relationships and contractual rights. At any time before or after the completion of the Merger any state could take actions under U.S. antitrust laws as it deems necessary or desirable in the public interest. Such action could include seeking to enjoin completion of the Merger or seeking divestiture of substantial assets of the parties. Private parties may also seek to take legal action under the antitrust laws under certain circumstances.

FCC Approval

The Merger is also subject to the Company's receipt of approval from the U.S. Federal Communications Commission (the **FCC**) pursuant to Section 310(d) of the Communications Act of 1934. On August 2, 2016 the Company filed applications with the FCC requesting approvals for the proposed transfers of control of the licensees of Greater Media's radio stations, in accordance with Section 310(d) of the Communications Act of 1934. In addition, to ensure that the Company's control of Greater Media's radio stations complies with FCC regulations limiting the number of radio broadcast stations in which an entity may have an attributable interest in a specific market, on August 2, 2016, an application was filed with the FCC requesting FCC approval to assign the licenses of three radio stations in the Charlotte, North Carolina market from a Greater Media subsidiary to the Charlotte Divestiture Trust, an entity that will be owned and operated by an independent trustee, in which the Company would hold a beneficial interest. Under the Merger Agreement, the Company, Greater Media and Merger Sub have agreed to use their reasonable best efforts to obtain all required FCC consents in connection with the execution of the Merger Agreement and completion of the Merger.

Federal Securities Law Consequences

In the Merger, the Company will issue the Merger Shares to the current stockholders of Greater Media. This issuance will be exempt from the registration requirements of the Securities Act of 1933, as amended (the **Securities Act**), pursuant to Section 4(a)(2) of the Securities Act and pursuant to Regulation D promulgated by the SEC thereunder (**Regulation D**). Prior to the issuance of the Merger Shares, the current stockholders of Greater Media will make certain representations to the Company as required by Regulation D. The Company has not and will not engage in general solicitation or advertising with regard to the issuance of the Merger Shares pursuant to the Merger Agreement. The Merger Shares will not be, at the time of issuance, and have not been, registered under the Securities Act, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

Pursuant to the Merger Agreement, the Company has agreed to enter into a registration rights agreement at the effective time of the Merger under which it will agree, among other things, to prepare and file with the SEC, not later than 20 days after the consummation of the Merger, a registration statement with respect to the resale of the Merger Shares by the current stockholders of Greater Media.

NASDAQ Listing

It is a condition to the closing of the Merger that the Merger Shares be approved for listing on The NASDAQ Global Market, subject to official notice of issuance. As discussed above, the Merger Shares, although

Table of Contents

approved for listing, may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements (see Federal Securities Law Consequences beginning on page 27). The Company's currently outstanding shares of Class A common stock will continue to be traded on The NASDAQ Global Market under the symbol BBGI.

Directors and Officers

Currently, the Board has fixed the number of directors at eight. Under the terms of the Investor Rights Agreement that will be entered into as part of the transactions contemplated by the Merger Agreement, the Company will be obligated to fix the number of directors of the Board at nine and appoint one individual designated by the current Greater Media stockholders to fill the vacancy created by expanding the Board. The Greater Media stockholders have selected Peter A. Bordes, Jr. as their designee. At the effective time of the Merger, the Board will act to appoint Mr. Bordes to the Board. Set forth below is the biography, which includes the skills, qualities and experience, of Mr. Bordes, who has been designated by Greater Media to be appointed to the Board following the closing of the Merger.

Peter A. Bordes, Jr., 53, is the co-founder of oneQube (formerly known as Internet Media Labs Inc.) where he has served as Chief Executive Officer since 2011. Prior to founding oneQube, Mr. Bordes was the CEO of MediaTrust from 2008 to 2011. Mr. Bordes is a part owner of Greater Media, where he has served as a director since 2008. Mr. Bordes served much of his career in the banking and venture capital industries. Mr. Bordes has served as a director of PeekYou LLC since 2010 and OCEARCH since 2014.

The composition of the Company's executive officers is not expected to change as a result of the closing of the Merger.

Expected Timing of the Merger

We are working to complete the Merger as soon as practicable. We expect to complete the Merger during the fourth quarter of 2016, assuming that all of the conditions set forth in the Merger Agreement have been satisfied or waived. However, the Merger is subject to a number of conditions, some of which are beyond the control of the Company and Greater Media, and we cannot predict the precise timing for completion of the Merger with certainty. See The Merger Agreement beginning on page 29 of this Information Statement and Risk Factors The Merger may not be completed, which could adversely affect our business operations and stock price and subject us to a number of risks beginning on page 13 of this Information Statement for further information.

Appraisal Rights

Holders of Company Common Stock will not be entitled to exercise appraisal or dissenters' rights under Delaware law in connection with the Merger or the issuance of the Merger Shares pursuant to the Merger.

Table of Contents

THE MERGER AGREEMENT

The following discussion sets forth the principal terms of the Merger Agreement, a copy of which is attached as Annex A to this Information Statement and is incorporated by reference herein. The rights and obligations of the parties are governed by the express terms and conditions of the Merger Agreement and not by this discussion, which is summary by nature. This discussion is not complete and is qualified in its entirety by reference to the complete text of the Merger Agreement. You are encouraged to read the Merger Agreement carefully in its entirety, as well as this Information Statement and any documents incorporated by reference herein.

The Merger Agreement has been attached as an annex to provide investors and shareholders with information regarding its terms. It is not intended to provide any other factual information about Greater Media, the Company or Merger Sub. The representations, warranties and covenants contained in the Merger Agreement were made only for the purposes of the Merger Agreement and as of specified dates, were solely for the benefit of the parties to the Merger Agreement, and may be subject to limitations agreed upon by the contracting parties. The representations and warranties may have been made for the purposes of allocating contractual risk between the parties to the Merger Agreement instead of establishing these matters as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors. Investors and shareholders accordingly should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of Greater Media, the Company, Merger Sub or any of their respective subsidiaries or affiliates. In addition, the assertions embodied in the representations and warranties contained in the Merger Agreement are qualified by information in confidential disclosure schedules that Greater Media exchanged with the Company and Merger Sub in connection with the execution of the Merger Agreement. Moreover, information concerning the subject matter of the representations and warranties may change after the date of the Merger Agreement, which subsequent information may or may not be fully reflected in the Company's public disclosures. The Merger Agreement should not be read alone, but should instead be read in conjunction with the other information regarding the parties to the Merger Agreement and the Merger contained in, or incorporated by reference into, the Information Statement.

The Merger

At the effective time of the Merger, upon the terms and subject to the satisfaction or waiver of the conditions of the Merger Agreement and in accordance with Delaware law Merger Sub will be merged with and into Greater Media, with Greater Media surviving the merger as an indirect wholly owned subsidiary of the Company. The directors and officers of Merger Sub immediately prior to the effective time of the Merger will, from and after the effective time of the Merger, be the initial directors and officers of the surviving corporation.

Merger Consideration

Pursuant to the terms of the Merger Agreement, the Company agreed to acquire all of the issued and outstanding common stock of Greater Media for an aggregate purchase price of \$239,875,000, inclusive of the repayment of approximately \$82 million of Greater Media's outstanding debt and the payment of certain transaction expenses. The proceeds to be paid to the stockholders of Greater Media are expected to consist of (i) approximately \$100 million in cash and (ii) approximately \$25 million in shares of the Company's Class A common stock which is equal to 5,422,993 shares at a fixed value of \$4.61 per share. The Merger Consideration is subject to adjustment for changes in working capital of Greater Media, outstanding debt of Greater Media and its subsidiaries as of the date of the closing and certain other payments and expenses. Additional Merger Shares may be issued in connection with such adjustment. In addition, the stockholders of Greater Media will receive the net cash proceeds from the sale of Greater Media's tower assets, estimated to be approximately \$20 million.

Description of Class A Common Stock

The holders of the Company's Class A common stock are entitled to one vote for each share held on all matters voted upon by stockholders, including the election of directors and any proposed amendment to the

Table of Contents

certificate of incorporation. The holders of Class A common stock are entitled to vote as a class to elect two independent directors to the board of directors and the holders of Class A common stock and Class B common stock, voting together as a class, are entitled to elect the remaining number of directors. The holders of Class A common stock are entitled to one vote per share and the holders of Class B common stock are entitled to ten votes per share.

As and when dividends are declared or paid with respect to shares of Company Common Stock, whether in cash, property or securities of the Company, the holders of Class A common stock and the holders of Class B common stock will be entitled to receive such dividends pro rata at the same rate per share for each such class of common stock; provided that if dividends are declared or paid in shares of Company Common Stock (or rights to subscribe for or purchase shares of Company Common Stock or securities or indebtedness convertible into or exchangeable for shares of Company Common Stock), the dividends payable to the holders of Class A common stock shall be payable in shares of Class A common stock (or rights to subscribe for or purchase shares of Class A common stock or securities or indebtedness convertible into or exchangeable for shares of Class A common stock) and the dividends payable to the holders of Class B common stock shall be payable in shares of Class B common stock (or rights to subscribe for or purchase shares of Class B common stock or securities or indebtedness convertible into or exchangeable for shares of Class B common stock). The holders of Class A common stock will be entitled to share ratably with all other classes of common stock in the net assets of the Company upon liquidation after payment or provision for all liabilities.

The Company's Class B common stock is convertible into Class A common stock on a one-for-one share basis under certain circumstances. The Company's Class A common stock trades on The NASDAQ Global Market under the symbol BBGI.

Representations and Warranties

The Merger Agreement contains representations and warranties made by the Company and Merger Sub to Greater Media and representations and warranties made by Greater Media to the Company and Merger Sub. As discussed above, the assertions embodied in the representations and warranties contained in the Merger Agreement were made only for the purposes of the Merger Agreement, were solely for the benefit of the parties to the Merger Agreement and may be subject to exceptions and limitations agreed upon by the contracting parties not set forth in the Merger Agreement. The representations and warranties set forth in the Merger Agreement may also be subject to contractual standards of materiality different from those generally applicable to investors under securities laws. For the foregoing reasons, you should not rely on the representations and warranties contained in the Merger Agreement as statements of factual information.

In the Merger Agreement, the Company and Merger Sub have made customary representations and warranties to Greater Media with respect to, among other things: (i) corporate matters relating to the Company and Merger Sub, including due organization, existence, qualification, corporate power and authority; (ii) certain corporate and governmental authorizations; (iii) the absence of certain conflicts; (iv) the financial resources available to the Company to allow it to complete the Merger; (v) solvency of the surviving corporation following the Merger; (vi) litigation against the Company or Merger Sub; (vii) the FCC licenses of the Company and its subsidiaries; (viii) financial information and the accuracy of information contained in registration statements, reports and other documents that the Company files with the SEC, the compliance of the Company's SEC filings with applicable federal securities law and, with respect to the financial statements therein, GAAP; (ix) the absence of undisclosed liabilities; (x) the maintenance of disclosure controls and procedures and internal accounting controls; (xi) the capitalization of the Company; (xii) the absence of certain changes with respect to the Company since December 31, 2015; (xiii) compliance with law, regulatory matters and permits; (xiv) the Company's benefit plans; (xv) labor and other employment matters; (xvi) tax matters; and (xvii) finders' fees.

In addition, in the Merger Agreement, Greater Media has made customary representations and warranties to the Company and Merger Sub with respect to, among other things: (i) corporate matters relating to Greater Media, including due organization, existence, qualification, corporate power and authority; (ii) certain corporate

Table of Contents

and governmental authorizations; (iii) the absence of certain conflicts; (iv) the capitalization of Greater Media and its subsidiaries; (v) the financial statements of Greater Media; (vi) the FCC licenses of Greater Media and its subsidiaries; (vii) the absence of undisclosed liabilities; (viii) the absence of certain changes with respect to Greater Media since December 31, 2015; (ix) Greater Media's and its subsidiaries' material contracts; (x) Greater Media's and its subsidiaries' properties; (xi) Greater Media's and its subsidiaries' intellectual property; (xii) litigation against Greater Media and its subsidiaries; (xiii) compliance with law, regulatory matters and permits; (xiv) environmental matters; (xv) Greater Media's benefit plans; (xvi) labor and employment matters; (xvii) tax matters; (xviii) Greater Media's and its subsidiaries' insurance; (xix) finders' fees; (xx) certain affiliate transactions; (xxi) privacy matters; and (xxii) material advertisers.

Covenants Relating to the Conduct of Each Party's Business

From the date of the Merger Agreement until the earlier of the closing of the Merger or the termination of the Merger Agreement, the Company has agreed that it will, and will cause its subsidiaries to, subject to certain exceptions, (a) conduct their respective businesses in the ordinary course in substantially the same manner as currently conducted and (b) use commercially reasonable efforts to (i) preserve substantially intact their respective business organizations and (ii) preserve their material assets and material properties. In addition, during the same period, the Company has also agreed that, subject to certain exceptions, the Company will not and will not permit any of its subsidiaries to do any of the following:

amend or otherwise change its certificate of incorporation or by-laws or take or authorize any action to wind up its affairs or dissolve;

issue, sell or grant options, warrants or rights to purchase or subscribe to, enter into any arrangement or contract with respect to, issuing, selling, transferring, granting, delivering or authorizing, propose agree to or commit to the issuance or sale of, or redeem, repurchase or otherwise acquire any securities of the Company or any of its subsidiaries or securities convertible into, or exchangeable or exercisable for, any such securities (other than the issuance of the Merger Shares pursuant to the Merger Agreement and grants of equity awards in the ordinary course of business consistent with past practice to employees or other service providers of the Company or any of its subsidiaries) or make any changes (by combination, reorganization or otherwise) in the capital structure of the Company or any of its subsidiaries;

make any material change to its accounting policies or practices, except as required by GAAP or applicable law;

merge or consolidate with any other person or adopt a plan of complete or partial liquidation or resolutions providing for a complete or partial liquidation, dissolution, restructuring, recapitalization or other reorganization;

declare, set aside or pay any dividend or other distribution (whether in cash, stock or property) in respect of, or make any other actual, constructive or deemed distribution with respect to, its capital stock, except (x) dividends paid by a direct or indirect wholly owned subsidiary of the Company to the Company or any of the

Company's other direct wholly owned subsidiaries and (y) the Company's routine quarterly dividend declared and paid in the ordinary course of business consistent with past practice;

split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock;

materially adversely modify any Company FCC licenses (as defined in the Merger Agreement) or surrender, allow to terminate, or fail to renew any material Company FCC license, or fail to remain qualified under the Communications Act of 1934, as amended, and the rules, regulations, and published policies of the FCC (the Communication Laws) to perform its obligations hereunder, hold the Company FCC licenses, and own and operate any of the radio stations owned or operated by the Company or any of its subsidiaries;

Table of Contents

acquire (by merger, consolidation or acquisition of stock, securities or assets or otherwise) any interest in any person, any business or any assets with a value in excess of \$10 million, excluding acquisitions of assets in the ordinary course of business and capital expenditures; or

agree or commit to do any of the foregoing.

From the date of the Merger Agreement until the earlier of the closing of the Merger or the termination of the Merger Agreement, Greater Media has agreed that it will, and will cause its subsidiaries to, subject to certain exceptions, (a) conduct their respective businesses in the ordinary course in substantially the same manner as currently conducted and (b) use commercially reasonable efforts to (i) preserve substantially intact their respective business organizations and (ii) preserve their material assets and material properties. In addition, during the same period, Greater Media has also agreed that, subject to certain exceptions, Greater Media will not and will not permit any of its subsidiaries to do any of the following:

amend or otherwise change its certificate of incorporation or by-laws or take or authorize any action to wind up its affairs or dissolve;

amend in any respect or terminate any of its benefit plans or collective bargaining agreements or establish any new arrangement that would constitute a benefit plan, including the entry into any new employment contracts or the renewal of any employment contract with any employees, subject to certain exceptions;

take any action to increase the rate of compensation or accelerate the vesting or payment of compensation or benefits payable or to become payable to any of Greater Media's current or former employees, officers or other individual service providers;

grant any severance or termination payments or benefits to any of Greater Media's current or former employees or other individual service providers;

grant or materially amend the terms of any equity based awards (with respect to equity securities of Greater Media or any of its subsidiaries) granted to any current or former employees, officers or other individual service providers, subject to certain exceptions;

hire any officer of Greater Media;

issue, sell or grant options, warrants or rights to purchase or subscribe to, enter into any arrangement or contract with respect to, issuing, selling, transferring, granting, delivering or authorizing, propose agree to or commit to the issuance or sale of, or redeem, repurchase or otherwise acquire any securities of Greater Media or any of its subsidiaries or securities convertible into, or exchangeable or exercisable for, any such securities or make any changes (by combination, reorganization or otherwise) in the capital structure of Greater Media or any of its subsidiaries;

sell, assign, transfer, pledge, dispose of, lease, license, mortgage, encumber, abandon, dedicate to the public, permit to lapse or fail to maintain or grant any lien (other than certain permitted liens) on, any of its material property or assets, in each case, except for the sale of property or assets that are obsolete, in the ordinary course of business consistent with past practice;

make any change to Greater Media's accounting policies, methods, procedures or practices, except as required by GAAP or applicable law;

make, change or revoke any material accounting method for federal income tax purposes or any material election in respect of taxes, consent to any extension or waiver of the limitation period applicable to any claim, assessment or collection of taxes, file any amended material tax return or take any other action with respect to taxes that would reasonably be expected to materially increase the present or future tax liability or materially decrease any present or future tax asset of Greater Media or any of its affiliates on or after the closing date of the transactions contemplated by the Merger Agreement;

Table of Contents

merge or consolidate with any other person or adopt a plan of complete or partial liquidation or resolutions providing for a complete or partial liquidation, dissolution, restructuring, recapitalization or other reorganization;

assume, amend, modify, renew, extend, waive any material provisions of or terminate certain material contracts or any agreement that provides for aggregate payments to Greater Media or its subsidiaries of more than \$300,000 during any twelve-month period;

enter into any material contract or any agreement that provides for aggregate payments to Greater Media or its subsidiaries of more than \$300,000 during any twelve-month period;

incur, create, assume or otherwise become liable for any indebtedness (other than drawings under Greater Media's current credit facilities to fund Greater Media's and its subsidiaries' payroll requirements and related taxes and expenses which will be paid off prior to completion of the Merger) or issue any debt securities or, assume or guarantee or endorse the obligations of any person (other than a subsidiary of Greater Media);

declare, set aside or pay any dividend or other distribution (whether in stock or property) in respect of, or make any other actual, constructive or deemed distribution with respect to, Greater Media's capital stock, except dividends paid by a direct or indirect wholly owned subsidiary of Greater Media to Greater Media or any of its other direct wholly owned subsidiaries;

split, combine or reclassify any of Greater Media's capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock;

make or commit to make any capital expenditures or commitments for capital expenditures in excess of \$500,000 in the aggregate in any calendar quarter (or incur any obligations or liabilities in connection therewith);

forgive, cancel or compromise any non-de minimis debt or claim, or waive or release any right of non-de minimis value;

fail to pay or satisfy when due any liability of Greater Media or any of its subsidiaries in excess of \$50,000 (other than any such liability that is being contested in good faith);

modify any of Greater Media's FCC licenses or surrender, allow to terminate, or fail to renew any of Greater Media's FCC licenses;

apply to the FCC for any license, authorization, or take any other action before the FCC, that would reasonably be expected to materially restrict the present operations of Greater Media or any of its subsidiaries,

fail to remain qualified under the Communications Laws (as defined in the Merger Agreement) to perform Greater Media's obligations under the Merger Agreement, hold Greater Media's FCC licenses, and own and operate the facilities authorized thereby;

apply to the FCC for any construction permit that would materially restrict Greater Media's present operations;

settle or compromise (i) any pending or threatened litigation relating to the Merger Agreement or the transactions contemplated thereby or (ii) any other litigation (A) having a value or in an amount in excess of \$150,000, except as required under the terms of applicable insurance policies where the liability of Greater Media and its subsidiaries, in the aggregate, in respect thereof does not exceed the portion of the applicable deductible under such insurance policy required to be paid by Greater Media or its subsidiaries, or (B) involving equitable relief to be imposed on Greater Media, its subsidiaries or any of their respective assets;

acquire any interest in any person, any business or any assets with a value in excess of \$10,000, subject to certain exceptions;

Table of Contents

make any loans, advances or capital contributions to, or investments in, any other person (other than any subsidiary of Greater Media), subject to certain exceptions;

make any material change in the buildings, leasehold improvements, or fixtures of Greater Media or any of its subsidiaries that is not in the ordinary course of business consistent with past practice;

terminate or permit any material permit to lapse, other than in accordance with the terms and regular expiration of any material permit, or fail to apply on a timely basis for any renewal of any material permit;

make or commit to make any format changes at any of the radio stations owned or operated by Greater Media or any of its subsidiaries.;

fail to maintain in full force and effect Greater Media's insurance policies;

exercise or fail to exercise any rights of renewal with respect to any lease of Greater Media's leased real property that by its terms would otherwise expire; or

agree or commit to do any of the foregoing.

Greater Media has also agreed to cease and terminate any activities, discussions or negotiations with any third parties conducted prior to the date of the Merger Agreement with respect to any alternative merger or sale proposal.

Directors and Officers Indemnification

Under the terms of the Merger Agreement, the Company has agreed that all rights to exculpation and indemnification for acts or omissions occurring at or prior to the effective time of the Merger as provided in the certificate of incorporation or bylaws of Greater Media or any of its subsidiaries in favor of persons who are or were directors, officers, employees or agents of Greater Media or its subsidiaries, will survive for a period of six years following the Merger. The Merger Agreement further provides that, prior to the closing of the Merger, Greater Media will purchase a tail policy providing coverage to its directors and officers for six years following the effective time of the Merger with at least the same coverage as under Greater Media's existing directors and officers liability insurance policy and fiduciary insurance policies.

NASDAQ Listing

It is a condition to the closing of the Merger that the Merger Shares be approved for listing on The NASDAQ Global Market, subject to official notice of issuance. As discussed above, the Merger Shares, although approved for listing, may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements (see Federal Securities Law Consequences beginning on page 27). The Company's currently outstanding shares of Class A common stock will continue to be traded on The NASDAQ Global Market under the symbol BBGI.

Conditions to the Completion of the Merger

The obligations of the Company and Greater Media to close the Merger are subject to the satisfaction or waiver of the following conditions:

the approval of the proposal to adopt the Merger Agreement by the affirmative vote of at least a majority of the outstanding shares of Greater Media's common stock (which has been received);

an affirmative vote of stockholders of the Company who collectively own a majority of the voting power of the Company Common Stock in favor of the issuance of the Merger Shares (which has been provided);

the receipt of regulatory approvals from the FCC with respect to the transfer of control of the Greater Media subsidiaries that hold the Greater Media FCC Licenses and the assignment of the FCC licenses

Table of Contents

of the Greater Media Charlotte, North Carolina stations to the Charlotte Divestiture Trust and the satisfaction of any conditions precedent to the consummation of the Merger imposed by the FCC;

the expiration or earlier termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; and

the absence of any law or order, judgment, decree, injunction or ruling of a court of competent jurisdiction enjoining or prohibiting the consummation of the Merger;

The obligation of Greater Media to close the Merger is subject to the satisfaction or waiver of the following conditions:

subject to customary materiality qualifiers, the accuracy of the representations and warranties of the Company and Merger Sub contained in the Merger Agreement;

compliance in all material respects by the Company with its covenants contained in the Merger Agreement;

the delivery by the Company of a certificate signed by an authorized officer certifying as to the matters set forth in the preceding two bullet points;

the Merger Shares shall have been approved for listing on NASDAQ; and

the Company shall have delivered executed counterparts to certain ancillary agreements.

The obligation of the Company to close the Merger is subject to the satisfaction or waiver of the following conditions:

subject to customary materiality qualifiers, the accuracy of the representations and warranties of Greater Media contained in the Merger Agreement;

compliance in all material respects by Greater Media with its covenants contained in the Merger Agreement;

the delivery by Greater Media of a certificate signed by an authorized officer certifying as to (i) certain tax matters and (ii) the matters set forth in the preceding two bullet points; and

there shall have been no material adverse effect on the condition (financial or otherwise), assets, properties, liabilities or results of operations of Greater Media and its subsidiaries, taken as a whole.

Termination of the Merger Agreement

The Merger Agreement may be terminated at any time prior to the completion of the Merger in any of the following ways:

by mutual written consent of the Company and Greater Media;

by the Company or Greater Media if:

the Merger has not been consummated on or before January 19, 2017, subject to certain conditions and possible extensions;

a final and non-appealable injunction, order, decree or ruling of a governmental entity has been entered permanently restraining, enjoining or otherwise prohibiting the Merger;

any application seeking the applicable FCC approvals has been (x) denied pursuant to a final order, (y) granted subject to any condition that, if imposed, would result in a material adverse effect on the Company or Greater Media or (z) designated for hearing by the FCC or any subdivision thereof;

by Greater Media if the Company breaches or fails to perform any of its representations, warranties, covenants or agreements contained in the Merger Agreement, or any of such representations or

Table of Contents

warranties become untrue as of any date subsequent to the date the Merger Agreement was executed, which breach, failure to perform or untruth (1) would result in the failure of a condition to the Merger and (2) if curable, cannot be cured prior to the closing of the Merger or is not cured within 30 days after the receipt of written notice of such breach or failure to perform from Greater Media, subject to certain conditions;

by the Company if Greater Media breaches or fails to perform any of its representations, warranties, covenants or agreements contained in the Merger Agreement, or any of such representations or warranties become untrue as of any date subsequent to the date the Merger Agreement was executed, which breach, failure to perform or untruth (1) would result in the failure of a condition to the Merger and (2) if curable, cannot be cured prior to the closing of the Merger or is not cured within 30 days after the receipt of written notice of such breach or failure to perform from the Company, subject to certain conditions;

by Greater Media if each of the conditions to the Merger has been satisfied and Greater Media has provided the Company irrevocable notice stating that it is ready to consummate the transaction as required pursuant to the Merger Agreement and the Company fails to consummate the closing of the transaction within three business days following the date such closing should have occurred under the terms of the Merger Agreement due to a the failure of financing to be available; or

by Greater Media if, prior to the closing of the Merger, the 10-day volume weighted average price per share of the Company's Class A common stock on the NASDAQ Global Market is below \$2.31.

Subject to the payment of the Termination Fee in the circumstances in which it is payable described below, if terminated in accordance with its terms, the Merger Agreement will become void and of no effect and there shall be no liability of any party, except with respect to any liability or damages resulting from fraud or any willful breach of the Merger Agreement.

Termination Fee

The Merger Agreement provides that the Company will be required to pay Greater Media a termination fee of (a) \$6.39 million if Greater Media terminates the Merger Agreement because all conditions to closing have been satisfied and the Company has not consummated the Merger due to the failure of debt financing to be available (provided that Greater Media is not also able to terminate the Merger Agreement due to the Company's breach) or (b) \$12.78 million if (i) Greater Media terminates the Merger Agreement due to a breach of a representation or covenant by the Company such that an applicable condition to closing is not satisfied or (ii) Greater Media terminates the Merger Agreement because the Company has failed to consummate the Merger when required by the Merger Agreement, in circumstances where debt financing was available.

Amendment of the Merger Agreement

The Merger Agreement may be amended by the parties at any time prior to the effective time of the Merger, provided that (i) after Greater Media's shareholders have approved the Merger, which has already occurred pursuant to a written consent, then any amendment must be further approved by Greater Media's shareholders, if the nature of the amendment is such that shareholder approval is required by applicable law, and (ii) after the approval of the Company's stockholders, which has already been given pursuant to a written consent, then any amendment must be further approved by the Company's stockholders, if the nature of the amendment is such that stockholder approval is required by applicable law and the rules of the NASDAQ Capital Market.

Expenses

Under the Merger Agreement, whether or not the Merger is closed, all costs and expenses incurred by either party in connection with the Merger Agreement, the Merger and the transactions contemplated thereby will be paid by the party incurring or required to incur such expenses, subject to certain exceptions set forth in the Merger Agreement.

Table of Contents

AGREEMENTS RELATED TO THE MERGER

Investor Rights Agreement

At the closing of the Merger, the Company and certain stockholders affiliated with the Beasley family have agreed to enter into an Investor Rights Agreement with the Greater Media stockholders who will receive Merger Shares (the Investor Rights Agreement).

Pursuant to the Investor Rights Agreement, for so long as such Greater Media stockholders collectively hold at least 75% of the Merger Shares, such stockholders will have the right to designate one director to the Company's board of directors and the stockholders affiliated with the Beasley family party to the Investor Rights Agreement will agree to vote or give written consent in favor of such designee.

In addition, pursuant to the Investor Rights Agreement, such Greater Media stockholders will have tag-along rights allowing them to sell their shares on a pro rata basis with the certain stockholders affiliated with the Beasley family, subject to certain limitations.

Registration Rights Agreement

At the closing of the Merger, the Company has agreed to enter into a Registration Rights Agreement with the Greater Media stockholders who will receive Merger Shares (the Registration Rights Agreement). Pursuant to the Registration Rights Agreement, the Company will be required, not later than twenty days following the closing of the Merger, to file a shelf registration statement on Form S-3 with the SEC with respect to the resale of the Merger Shares by such stockholders. The Company will be required to use its reasonable best efforts to have such registration statement declared effective as soon as reasonably practicable and kept effective until the earlier of six years thereafter or when such Greater Media stockholders no longer hold any Merger Shares. In addition, such Greater Media stockholders will have unlimited shelf takedowns, but will only have the right, on four occasions and subject to certain limitations, to underwritten takedowns.

If the shelf registration statement on Form S-3 is not declared effective or becomes unavailable, such Greater Media stockholders will have the right, on two occasions, to demand that the Company to file a registration statement on Form S-1 with the SEC with respect to the resale of the Merger Shares by such stockholders, subject to certain limitations. In addition, such Greater Media stockholders are entitled to unlimited piggyback registration rights with respect to the registration of any equity securities of the Company, subject to certain limitations.

These registration rights will be subject to conditions and limitations, including the right of the underwriters of an offering to limit the number of Merger Shares held by such stockholders to be included in such registration. Subject to certain exceptions, the Company is generally required to bear all expenses of such registration (other than underwriting discounts and commissions and certain travel expenses). The Registration Rights Agreement also places indemnity obligations on the Company, to indemnify such Greater Media stockholders, under certain circumstances, and on such stockholders, to indemnify the Company under certain circumstances.

Table of Contents

HOUSEHOLDING OF MATERIALS

SEC rules permit registrants to send a single Information Statement to any household at which two or more stockholders reside if the registrant believes they are members of the same family. This procedure, referred to as householding, reduces the volume of duplicate information stockholders receive and reduces the expense to the registrant. The Company has not implemented these householding rules with respect to its record holders; however, a number of brokerage firms have instituted householding which may impact certain beneficial owners of Class A common stock. If your family has multiple accounts by which you hold Class A common stock, you may have previously received a householding notification from your broker. Please contact your broker directly if you have any questions, require additional copies of the Information Statement or wish to revoke your decision to household, and thereby receive multiple Information Statements. Those options are available to you at any time.

Table of Contents**COMPARATIVE PER SHARE DATA**

The following tables present historical per share data for the Company and Greater Media; pro forma per share data for the Company after giving effect to the to the Company's proposed acquisition of Greater Media and the related financing transactions and unaudited pro forma equivalent per share data for Greater Media with respect to the consideration that will be received in the form of shares of Class A common stock. You should read these tables in conjunction with the Company's historical consolidated financial statements, which are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 (attached hereto as [Annex B](#)) and the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 (attached hereto as [Annex D](#)), and Greater Media's historical consolidated financial statements included herein. See also the sections entitled "Where You Can Find More Information" beginning on page 61 and "Greater Media's Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 43.

We are providing the unaudited pro forma combined condensed financial data for informational purposes only. It does not necessarily represent or indicate what the financial position and results of operations of the Company would actually have been had the Merger with Greater Media and other pro forma adjustments in fact occurred at the dates indicated. It also does not necessarily represent or indicate the future financial position or results of operations the Company will achieve after the Merger with Greater Media.

	Greater Media (actual)	Beasley (actual)	Pro Forma Condensed Combined Income Statement
Net income (loss) or pro forma net loss for the six months ended June 30, 2016	\$ (36,711,000)	\$ 4,290,231	\$ (20,712,097)
Weighted average basic shares outstanding	1,941,143	23,003,436	28,426,429
Weighted average diluted shares outstanding	1,941,143	23,089,039	28,512,032
Net income (loss) per share or pro forma net loss per share for the six months ended June 30, 2016	\$ (18.91)	\$ 0.19	\$ (0.73)
Net income (loss) or pro forma net loss for the year ended December 31, 2015	\$ (37,153,000)	\$ 6,362,322	\$ (20,463,114)
Weighted average basic shares outstanding	1,941,143	22,911,727	28,334,720
Weighted average diluted shares outstanding	1,941,143	23,025,720	28,448,713
Net income (loss) per share or pro forma net loss per share for the year ended December 31, 2015	\$ (19.14)	\$ 0.28	\$ (0.72)
	Greater Media	Beasley (actual)	

	(actual)		Pro Forma Condensed Combined
Shares outstanding	1,941,143	23,316,767	28,739,760
Stockholders' equity	\$ 143,174,000	\$ 135,994,336	\$ 207,420,336
Book value per share or pro forma book value per share at June 30, 2016	\$ 73.76	\$ 5.83	\$ 7.22
Cash dividends declared or pro forma cash dividends declared per share for the six months ended June 30, 2016	\$ 5,000	\$ 2,071,950	\$ 2,071,950
Cash dividends declared or pro forma cash dividends declared per share for the year ended December 31, 2015	\$ 14,000	\$ 4,126,749	\$ 4,126,749

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information regarding beneficial ownership of the Company's Class A common stock and Class B common stock as of September 5, 2016 by:

each person who is known by the Company to own beneficially more than 5% of its Class A common stock or Class B common stock;

each of the Company's directors;

each of the Company's named executive officers; and

all of the Company's executive officers and directors as a group

Beneficial ownership of shares is determined under the rules of the Securities and Exchange Commission, and generally includes any shares over which a person exercises sole or shared voting or investment power. Each stockholder possesses sole voting and investment power with respect to the shares listed, unless otherwise noted. Shares of the Company's Class B common stock are convertible into shares of the Company's Class A common stock on a one-for-one basis at the option of the holder at any time, and are all deemed outstanding for calculating the percentage of outstanding shares of the person holding those shares of Class B common stock, but are not deemed outstanding for calculating the percentage of any other person. Shares of the Company's Class A common stock subject to options currently exercisable or exercisable within 60 days of September 5, 2016 are deemed outstanding for calculating the percentage of outstanding shares of the person holding those options but are not deemed outstanding for calculating the percentage of any other person. Restricted shares of the Company's Class A common stock that are currently vested or that will be vested within 60 days of September 5, 2016 (but no other shares of restricted common stock) are deemed outstanding for calculating the percentage of outstanding shares of the person holding those shares of restricted common stock. All restricted shares of Class A common stock currently outstanding, whether vested or not, are deemed outstanding for calculating the aggregate number of shares outstanding. The address of each beneficial owner, unless stated otherwise, is c/o Beasley Broadcast Group, 3033 Riviera Drive, Suite 200, Naples, FL 34103.

Name of Beneficial Owner	Class A		Common Stock Class B		Percent of Economic Interest (1)	Percent of Total Voting Power (2)
	Number of Shares	Percent of Class	Number of Shares	Percent of Class		
George G. Beasley	1,280,738 ⁽³⁾	20.1%	10,687,605 ⁽⁴⁾	64.1%	52.0%	62.5%
Bruce G. Beasley	215,676	3.4	1,497,955 ⁽⁵⁾	9.0	7.4	8.8
Caroline Beasley	179,332 ⁽⁶⁾	2.8	1,497,955 ⁽⁷⁾	9.0	7.3	8.8
Bradley C. Beasley	106,412 ⁽⁸⁾	1.7	1,080,292 ⁽⁹⁾	6.5	5.2	6.3

Edgar Filing: BEASLEY BROADCAST GROUP INC - Form DEFM14C

Brian E. Beasley	148,332 ⁽¹⁰⁾	2.3	948,100 ⁽¹¹⁾	5.7	4.8	5.6
Joe B. Cox	36	*			*	*
Mark S. Fowler	27,983	*			*	*
Herbert W. McCord	25,983	*			*	*
Allen B. Shaw	19,491	*			*	*
GAMCO Investors, Inc.	2,443,002	38.4			10.6	1.4

One Corporate Center

Rye, NY 10580

Dimensional Fund Advisors LP	411,262	6.5			1.8	*
------------------------------	---------	-----	--	--	-----	---

6300 Bee Cave Road

Austin, TX 78746

All directors and executive officers as a group	1,897,571	29.8%	14,182,700	85.1%	69.8%	83.1%
---	-----------	-------	------------	-------	-------	-------

* Less than one percent.

Table of Contents

- (1) The percent of total economic interest for each beneficial owner is based on the number of shares beneficially owned of Class A Common Stock plus the number of shares beneficially owned of Class B Common Stock divided by the sum of (i) 6,654,024 shares of Class A Common Stock outstanding, (ii) 16,662,743 shares of Class B Common Stock outstanding; and (iii) if applicable, the number of shares of Class A common stock issuable upon exercise of options held by such person that are currently exercisable or will be exercisable before September 5, 2016.
- (2) The percent of total voting power for each beneficial owner is based on the number of shares beneficially owned of Class A Common Stock which carry one vote per share plus the number of shares beneficially owned of Class B Common Stock which carry ten votes per share multiplied by ten divided by the sum of (i) 6,356,406 shares of Class A Common Stock outstanding, (ii) 16,662,743 shares of Class B Common Stock outstanding multiplied by ten to reflect the ten votes per share for Class B Common Stock; and (iii) if applicable, the number of Class A common stock issuable upon exercise of options held by such person that are currently exercisable or will be exercisable before September 5, 2016.
- (3) Includes (i) 152,544 shares held by the beneficial owner; (ii) 47,733 shares held by GGB II Family Limited Partnership; (iii) 1,071,595 shares held by GGB Family Limited Partnership; (iv) 2,288 shares held by George G. Beasley Revocable Living Trust dated May 26, 2006; (v) 482 shares held by GGB Family Enterprises, Inc., and (vi) 6,096 shares held by the REB Florida Intangible Tax Trust dated August 20, 2004.
- (4) Includes (i) 9,894,229 shares held by GGB II Family Limited Partnership; (ii) 332,171 shares held by GGB Family Limited Partnership; (iii) 164,469 shares held by George G. Beasley Revocable Living Trust dated May 26, 2006; and (iv) 296,736 shares held by the REB Florida Intangible Tax Trust dated August 20, 2004. Does not include 39,835 shares held by the Shirley Ann Beasley Revocable Trust dated June 16, 1998. Shirley Beasley is Mr. Beasley's spouse.
- (5) Includes (i) 553,276 shares held by the Bruce G. Beasley Revocable Trust dated June 19, 2006; (ii) 495,764 shares held by the George G. Beasley Trust f/b/o Bruce G. Beasley u/a/d 12/9/08, and (iii) 448,915 shares held by the George Beasley Estate Reduction Trust, of which the beneficial owner is a co-trustee.
- (6) Includes (i) 167,832 shares held by the beneficial owner, and (ii) 11,500 shares held by the beneficial owner's children.
- (7) Includes (i) 553,276 shares held by the Barbara Caroline Beasley Revocable Trust dated April 14, 1998; (ii) 495,764 shares held by the George G. Beasley Trust f/b/o Barbara Caroline Beasley u/a/d 12/9/08, and (iii) 448,915 shares held by the George Beasley Estate Reduction Trust, of which the beneficial owner is a co-trustee.
- (8) Includes (i) 25,693 shares held by the beneficial owner, (ii) 64,219 shares held by the Bradley C. Beasley Revocable Trust dated July 13, 1999; and (iii) 16,500 shares held by the beneficial owner's children.
- (9) Includes (i) 584,528 shares held by the Bradley C. Beasley Revocable Trust dated July 13, 1999, and (ii) 495,764 shares held by the George G. Beasley Trust f/b/o Bradley C. Beasley u/a/d 12/9/08.
- (10) Includes (i) 137,832 shares held by the beneficial owner, and (ii) 10,500 shares held by the beneficial owner's children.
- (11) Includes (i) 196,540 shares held by the Brian E. Beasley Revocable Trust dated June 17, 2003, and (ii) 751,560 shares held by the George G. Beasley Trust f/b/o Brian E. Beasley u/a/d 12/9/08.

Table of Contents

INFORMATION ABOUT GREATER MEDIA

Business of Greater Media

Greater Media celebrated its 60th anniversary in broadcasting on March 31, 2016. Owned by the Bordes family, the Company was founded in 1956 by Yale classmates Peter A. Bordes and Joseph Rosenmiller and grew from the ownership of a single radio station in Southbridge, Massachusetts to a diversified portfolio of successful communications companies. Today, Greater Media is the parent company of 21 AM and FM radio stations in Boston, MA, Charlotte, NC, Detroit, MI, Philadelphia, PA and New Jersey and collectively reaches approximately 12 million average listeners each week.

During the six months ended June 30, 2016, Greater Media had net revenue of \$78.4 million and a net loss of \$36.7 million. During the year ended December 31, 2015, Greater Media had net revenue of \$159.8 million and a net loss of \$37.2 million.

Greater Media's principal executive offices are located at 35 Braintree Hill Park, Suite 300, Braintree, MA 02184, and its telephone number is (718) 348-8600.

Greater Media is a Delaware corporation with approximately 825 employees, the majority of which are full time.

Market Price of Equity and Dividends

There is no established public trading market for shares of Greater Media common stock. As of December 31, 2015, there were 21 holders of record of Greater Media common stock. With the exception of immaterial tax amounts paid to various states on behalf of the shareholders, no dividends have been paid in the fiscal years ending December 31, 2015 and 2014.

Selected Financial Data

The following table sets forth Greater Media's selected historical consolidated financial data as of and for the periods indicated. Greater Media derived its selected historical consolidated financial data for the years ended December 31, 2013, 2012 and 2011 from its audited consolidated financial statements, which are not included in this Information Statement. Greater Media derived its selected historical consolidated financial data for the years ended December 31, 2015 and 2014 from its audited consolidated financial statements, which are included elsewhere in this Information Statement.

Table of Contents

Greater Media derived its selected historical consolidated financial data for the six months ended June 30, 2016 and 2015 from its unaudited consolidated financial statements which are included elsewhere in this Information Statement. Operating results for the six-month periods are not necessarily indicative of results for a full year, or any other periods.

*Amounts in thousands,
except per share
data*

	For and as of the Six Months Ended June 30,		For and as of the Years Ended December 31,				
	2016	2015	2015	2014	2013	2012	2011
Statement of Operations							
Data:							
Net revenues	\$ 78,385	\$ 76,110	\$ 159,756	\$ 161,387	\$ 161,904	\$ 166,388	\$ 166,436
Income from operations	\$ 5,932	\$ 8,995	\$ 24,127	\$ 22,404	\$ 20,310	\$ 26,525	\$ 25,769
Interest expense	\$ 2,459	\$ 2,650	\$ 5,214	\$ 5,559	\$ 7,358	\$ 9,896	\$ 11,066
Income (loss) before income taxes	\$ (37,297)	\$ 5,819	\$ (37,349)	\$ 7,804	\$ 5,110	\$ 23,456	\$ 10,847
Net income (loss)	\$ (36,711)	\$ 5,551	\$ (37,153)	\$ 7,098	\$ 4,144	\$ 22,615	\$ 9,547
Income (loss) per common share, basic and diluted	\$ (18.91)	\$ 2.86	\$ (19.14)	\$ 3.66	\$ 2.13	\$ 11.65	\$ 4.92
Weighted-average shares outstanding, basic and diluted	1,941	1,941	1,941	1,941	1,941	1,941	1,941
Balance Sheet Data (end of period):							
Property, plant, and equipment, net	\$ 26,415	\$ 28,614	\$ 27,055	\$ 28,147	\$ 29,441	\$ 30,870	\$ 35,895
FCC licenses	\$ 186,893	\$ 276,763	\$ 224,560	\$ 276,763	\$ 276,763	\$ 276,750	\$ 277,027
Total assets	\$ 291,604	\$ 382,036	\$ 331,465	\$ 378,588	\$ 383,163	\$ 487,659	\$ 479,071
Total debt (including current portion)	\$ 83,738	\$ 90,713	\$ 87,338	\$ 94,088	\$ 103,613	\$ 205,000	\$ 205,000
Stockholders' equity	\$ 143,174	\$ 231,376	\$ 180,480	\$ 226,222	\$ 247,946	\$ 228,330	\$ 205,434

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve risks and uncertainties. Greater Media's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this Information Statement. The following discussion should be read in conjunction with Greater Media's financial statements and related notes thereto included elsewhere in this Information Statement.

Overview

Greater Media is a media company that owns and operates 21 radio stations in the following radio markets: Boston, MA, Charlotte, NC, Detroit, MI, New Jersey (Middlesex-Somerset-Union, Monmouth-Ocean, and Morristown), and Philadelphia, PA. Greater Media refers to each group of radio stations in each radio market as a market cluster. Greater Media owns a number of broadcast towers, primarily for the purpose of broadcasting its radio stations,

on which it also leases space to third parties.

Recent Developments

On July 19, 2016, Greater Media entered into the Merger Agreement pursuant to which, subject to the satisfaction or waiver of the conditions set forth therein, Merger Sub will be merged with and into Greater Media, with Greater Media surviving the Merger as an indirect wholly owned subsidiary of the Company.

Table of Contents

Financial Statement Presentation

The following discussion provides a brief description of certain key items that appear in Greater Media's financial statements and general factors that impact these items.

Net Revenue. Greater Media's net revenue is primarily derived from the sale of advertising airtime to local and national advertisers. Net revenue is gross revenue less agency commissions, generally 15% of gross revenue. Local revenue generally consists of airtime sales, digital sales and event marketing for advertisers in a radio station's local market either directly to the advertiser or through the advertiser's agency. National revenue generally consists of advertising airtime and digital sales to agencies purchasing advertising for multiple markets. National sales are generally facilitated by Greater Media's national representation firm, which serves as its agent in these transactions.

Greater Media's net revenue is generally determined by the advertising rates that it is able to charge and the number of advertisements that it can broadcast without jeopardizing listener levels. Advertising rates are primarily based on the following factors:

a radio station's audience share in the demographic groups targeted by advertisers as measured principally by periodic reports issued by Nielson Audio;

the number of radio stations, as well as other forms of media, in the market competing for the attention of the same demographic groups;

the supply of, and demand for, radio advertising time; and

the size of the market.

Greater Media's net revenue is affected by general economic conditions, competition and its ability to improve operations at its market clusters. Seasonal revenue fluctuations are also common in the radio broadcasting industry and are primarily due to variations in advertising expenditures by local and national advertisers. Greater Media's revenues are typically lowest in the first calendar quarter of the year.

Greater Media uses trade sales agreements to reduce cash paid for operating costs and expenses by exchanging advertising airtime for goods or services; however, Greater Media endeavors to minimize trade revenue in order to maximize cash revenue from its available airtime.

Greater Media also continues to invest in digital support services to develop and promote its radio station websites. Greater Media derives revenue from its websites through the sale of advertiser promotions and advertising on its websites and the sale of advertising airtime during audio streaming of its radio stations over the internet. Greater Media also generates revenue from selling other digital products.

Net revenue of Greater Media's publishing division is primarily derived from the sale of advertising in its newspapers.

Net revenue of Greater Media's tower division is primarily derived from leasing space on broadcast towers that it owns to various third parties.

Operating Expenses. Greater Media's operating expenses consist primarily of (1) programming, engineering, sales, advertising and promotion, and general and administrative expenses incurred at its radio stations and publishing and tower operations, and (2) expenses, including compensation and other expenses, incurred at its corporate offices. Greater Media strives to control its operating expenses by centralizing certain functions at its corporate offices and consolidating certain functions in each of its market clusters.

Table of Contents***Critical Accounting Estimates***

The preparation of financial statements in conformity with GAAP requires Greater Media to make estimates and assumptions that affect reported amounts and related disclosures. Greater Media considers an accounting estimate to be critical if:

it requires assumptions to be made that were uncertain at the time the estimate was made; and

changes in the estimate or different estimates that could have been selected could have a material impact on its results of operations or financial condition.

FCC Broadcasting Licenses. As of June 30, 2016, FCC broadcasting licenses with an aggregate carrying amount of \$186.9 million represented 64.1% of Greater Media's total assets. Greater Media is required to test its licenses for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that its licenses might be impaired. Greater Media assesses qualitative factors to determine whether it is more likely than not that its licenses are impaired. If Greater Media determines it is more likely than not that its licenses are impaired then it is required to perform the quantitative impairment test. The quantitative impairment test compares the fair value of Greater Media's licenses with their carrying amounts. If the carrying amounts of the licenses exceed their fair value, an impairment charge is recognized in an amount equal to that excess. For the purpose of testing its licenses for impairment, Greater Media combines its licenses into reporting units based on its market clusters, consistent with the fact that stations within a particular market are operated as a cluster, that economies of scale exist that allow a group of radio stations to operate more efficiently than stand-alone properties, and that advertising on the stations is often sold in combination.

On July 19, 2016, Greater Media entered into the Merger Agreement. Greater Media determined that this event provided evidence about the value of its FCC licenses as of the June 30, 2016 balance sheet date. The purchase price attributable to the radio stations under the Merger Agreement is significantly lower than the enterprise value of the stations calculated as of September 30, 2015, the date of its previous impairment test. Therefore Greater Media believed that the likelihood of impairment was greater than 50%, and proceeded with a quantitative assessment.

For the quantitative assessment, Greater Media used a variation on its traditional market approach methodology to estimate the fair value of its licenses. As in the past, an enterprise value was calculated for each station by using either a cash flow multiple or a revenue multiple. Then, the purchase price attributable to the radio stations was allocated pro-rata based on the resulting enterprise values. Greater Media then applied a typical industry factor to the allocated purchase price, and compared the resulting total, by market cluster, to the carrying amount of the FCC licenses.

As of June 30, 2016, the key assumptions used in the valuation analyses are as follows:

Cash flow multiples	5.3x (AM); 6.6x (FM)
Revenue multiples	1.2x (AM); 2.3x (FM)
FCC license % factor	85.0%

If Greater Media had made different assumptions or used different estimates, the fair value of its licenses could have been materially different.

Cash flows and operating income are dependent on advertising revenues. Advertising revenues are influenced by competition from other radio stations and media, demographic changes, and changes in government rules and regulations. In addition, advertising is generally considered a discretionary expense meaning advertising expenditures tend to decline disproportionately during economic downturns as compared to other types of business expenditures. If actual results are lower going forward, Greater Media may incur impairment charges in the future and they may be material.

Table of Contents

As of June 30, 2016, the quantitative test resulted in impairment charges totaling \$37.7 million, as follows:

Amounts in thousands

Market cluster	FCC license value	FCC license carrying amount	Impairment charge
Boston, MA	\$ 72,722	\$ 75,215	\$ 2,493
Charlotte, NC	14,046	20,485	6,439
Detroit, MI	18,938	19,975	1,037
New Jersey	25,789	35,020	9,231
Philadelphia, PA	55,399	73,865	18,466

Other critical accounting estimates are described in Note 1 to Greater Media's consolidated financial statements as of and for the six months ended June 30 2016 and 2015, which are included elsewhere in this Information Statement.

As of December 31, 2015, FCC broadcasting licenses with an aggregate carrying amount of \$224.6 million represented 67.8% of Greater Media's total assets. Greater Media assessed qualitative factors, including financial performance and industry conditions, as of September 30, 2015. Due to the amount by which fair value exceeded the carrying amounts in previous quantitative assessments, as well as growing credible evidence of a decline in radio station trading multiples, Greater Media no longer felt confident that the likelihood of impairment was below 50%. Therefore Greater Media elected to perform the quantitative impairment test for its licenses.

Greater Media estimates the fair value of its licenses using a market approach. The market approach uses available statistics for recent radio station sales transactions to estimate the enterprise value of Greater Media's radio stations, and then applies a typical industry factor to the enterprise value to estimate the fair value of its licenses.

As of September 30, 2015, the key assumptions used in the valuation analyses are as follows:

Cash flow multiples	6.9x (AM); 7.0x (FM)
Revenue multiples	1.6x (AM); 2.1x (FM)
FCC license % factor	85.0%

If Greater Media had made different assumptions or used different estimates, the fair value of its licenses could have been materially different.

As of September 30, 2015, the quantitative test resulted in impairment charges totaling \$52.2 million, as follows:

Amounts in thousands

Market cluster	FCC license value	FCC license carrying amount	Impairment charge
Boston, MA	\$ 104,550	\$ 75,215	\$

Charlotte, NC	20,485	23,550	3,065
Detroit, MI	19,975	27,200	7,225
New Jersey	35,020	42,692	7,672
Philadelphia, PA	73,865	108,106	34,241

Newspaper Titles. Greater Media considers its newspaper title assets to have indefinite lives, and therefore it does not amortize them but, instead, tests them for impairment at least annually. At September 30, 2015 Greater Media determined that, due to ongoing weakness in the market for newspaper businesses, its newspaper titles were 100% impaired. As a result, Greater Media's publishing division recorded an impairment charge of \$1.5 million.

Table of Contents

Property and Equipment. Greater Media is required to assess the recoverability of its property and equipment whenever an event has occurred that may result in an impairment charge. If such an event occurs, Greater Media will compare estimates of related future undiscounted cash flows to the carrying amount of the asset. If the future undiscounted cash flow estimates are less than the carrying amount of the asset, Greater Media will reduce the carrying amount to the estimated fair value. The determination of when an event has occurred and estimates of future cash flows and fair value all require management judgment. The use of different assumptions or estimates may result in alternative assessments that could be materially different. Greater Media did not identify any events that may have resulted in an impairment charge on its property and equipment in 2015. However, there can be no assurance that impairments of Greater Media's property and equipment will not occur in future periods.

Accounts Receivable. Greater Media continually evaluates its ability to collect its accounts receivable. Greater Media's ongoing evaluation includes review of specific accounts at its radio stations, the current financial condition of its customers and its historical write-off experience. This ongoing evaluation requires management judgment and if Greater Media had made different assumptions about these factors, the allowance for doubtful accounts could have been materially different.

Results of Operations**Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015**

The following summary table presents a comparison of Greater Media's results of operations for the six months ended June 30, 2016 and 2015 with respect to certain of its key financial measures. The changes illustrated in the table are discussed in greater detail below. This section should be read in conjunction with Greater Media's consolidated financial statements and notes thereto included elsewhere in this Information Statement.

	Six Months ended June 30,		Change	
	2016	2015	\$	%
Net revenue	\$ 78,384,594	\$ 76,109,886	\$ 2,274,708	3.0%
Divisional operating expenses	69,030,902	64,017,831	5,013,071	7.8
Corporate operating expenses	3,422,184	3,097,490	324,694	10.5
Depreciation and amortization	1,908,589	2,046,325	(137,736)	(6.7)
Impairment charge	37,666,600		37,666,600	
Interest expense	2,459,167	2,649,691	(190,524)	(7.2)
Other income (expense), net	(1,194,084)	1,520,460	(2,714,184)	(178.6)
Income tax expense (benefit)	(586,166)	268,452	854,618	318.4
Net income (loss)	(36,710,766)	5,550,557	(42,261,323)	(761.4)

Net Revenue. Net revenue increased \$2.3 million during the six months ended June 30, 2016 as compared to the six months ended June 30, 2015. Significant factors affecting net revenue included a \$1.5 million increase in advertising revenue from Greater Media's Philadelphia market cluster, a \$0.8 million increase in advertising revenue from its Detroit market cluster, and a \$0.5 million increase in advertising revenue from its Boston market cluster, partially offset by a \$0.4 million decrease in advertising revenue from its New Jersey market cluster. Net revenue for the six months ended June 30, 2016 was comparable to net revenue for the same period in 2015 at Greater Media's Charlotte market cluster. The primary factor behind the overall increase in net revenue was an increase of \$1.5 million in local revenue.

Divisional Operating Expenses. Divisional operating expenses increased \$5.0 million during the six months ended June 30, 2016 as compared to the six months ended June 30, 2015. Significant factors affecting divisional operating expenses included a \$4.7 million increase at Greater Media's radio division, which includes increases of \$2.6 million at its Philadelphia market cluster, \$0.8 million at its Boston market cluster, and \$0.8 million at its

Table of Contents

Detroit market cluster. A one-time severance charge of \$1.4 million recorded in June 2016 contributed to these increases. Other increases included \$1.1 million in programming expenses, \$1.0 million in selling expenses, and \$0.5 million in general and administrative expenses. In addition, there was a \$0.4 million increase in operating expenses at Greater Media's interactive division.

Corporate Operating Expenses. The increase in corporate operating expenses of \$0.3 million during the six months ended June 30, 2016 was primarily due to the transfer of certain employee costs from the radio clusters to corporate.

Depreciation and Amortization. Depreciation and amortization for the six months ended June 30, 2016 were comparable to depreciation and amortization for the same period in 2015.

Impairment Charge. Because the purchase price attributable to Greater Media's radio stations under the Merger Agreement (see *Critical Accounting Estimates* above) is significantly lower than the enterprise value of the stations calculated as of September 30, 2015, the date of its previous impairment test, Greater Media believed that the likelihood of further impairment as of June 30, 2016 was greater than 50%. Therefore Greater Media proceeded with a quantitative assessment, which showed that the licenses in all of its market clusters were impaired. As a result, Greater Media recorded impairment charges of \$18.5 million in its Philadelphia market cluster, \$9.2 million in its New Jersey market cluster, \$6.5 million in its Charlotte market cluster, \$2.5 million in its Boston market cluster, and \$1.0 million in its Detroit market cluster.

Other Income (Expense), Net. Other income (expense), net changed to expense of \$1.2 million for the six months ended June 30, 2016 as compared to income of \$1.5 million for the six months ended June 30, 2015. This change was primarily due to a decrease of \$1.1 million in the cash surrender value of company-owned life insurance, and legal fees of \$0.9 million related to the Merger.

Income Tax Expense (Benefit). Income tax changed to a benefit of \$0.6 million for the six months ended June 30, 2016 as compared to an expense of \$0.3 million for the six months ended June 30, 2015. This change was due to the recognition of a tax benefit of \$0.8 million resulting from a reduction in deferred tax liability related to the impairment of the fair value of the FCC license held by one of Greater Media's subsidiaries.

Net Income (Loss). Net income (loss) changed to a net loss of \$36.7 million for the six months ended June 30, 2016 as compared to net income of \$5.6 million for the six months ended June 30, 2015 as a result of the factors described above.

Year Ended December 31, 2015 Compared to the Year Ended December 31, 2014

The following summary table presents a comparison of Greater Media's results of continuing operations for the years ended December 31, 2015 and 2014 with respect to certain of its key financial measures. The changes illustrated in the table are discussed in greater detail below. This section should be read in conjunction with Greater Media's consolidated financial statements and notes thereto included elsewhere in this Information Statement.

	Year ended December 31,		Change	
	2015	2014	\$	%
Net revenue	\$ 159,756,184	\$ 161,387,191	\$ (1,631,007)	(1.0)%
Divisional operating expenses	129,485,244	132,223,850	(2,738,606)	(2.1)
Corporate operating expenses	6,143,911	6,759,232	(615,321)	(9.1)

Edgar Filing: BEASLEY BROADCAST GROUP INC - Form DEFM14C

Depreciation and amortization	3,777,105	5,333,195	(1,556,090)	(29.2)
Impairment charge	53,684,098		53,684,098	
Interest expense	5,213,529	5,559,193	(345,664)	(6.2)
Other income (expense), net	1,198,568	(3,707,941)	4,906,509	132.3
Income tax expense (benefit)	(195,873)	705,877	901,750	(127.7)
Net income (loss)	(37,153,262)	7,097,903	(44,251,165)	(623.4)

Table of Contents

Net Revenue. Net revenue decreased \$1.6 million during the year ended December 31, 2015 as compared to the year ended December 31, 2014. Significant factors affecting net revenue included a \$0.7 million decrease in advertising revenue from Greater Media's radio division, which includes \$3.2 million in additional advertising revenue from its Detroit market cluster, offset by a \$1.4 million decrease in advertising revenue from its Charlotte market cluster, a \$1.3 million decrease in advertising revenue from its Philadelphia market cluster, a \$0.6 million decrease in advertising revenue from its New Jersey market cluster, and a \$0.5 million decrease in advertising revenue from its Boston market cluster. In addition, there was a \$1.1 million decrease in advertising revenue from Greater Media's publishing division.

Divisional Operating Expenses. Divisional operating expenses decreased \$2.7 million during the year ended December 31, 2015 as compared to the year ended December 31, 2014. Significant factors affecting divisional operating expenses included a \$2.0 million decrease in operating expenses at Greater Media's radio division, which includes decreases of \$1.4 million at its Boston market cluster, \$1.0 million at its New Jersey market cluster, and \$0.6 million at its Charlotte market cluster, partially offset by increases in operating expenses of \$0.6 million at its Philadelphia market cluster and \$0.3 million at its Detroit market cluster. A substantial portion, \$1.7 million, of the overall decrease in radio division operating expenses was due to a decrease in selling expenses. In addition, there was a \$0.8 million decrease in operating expenses at Greater Media's publishing division.

Corporate Operating Expenses. Corporate operating expenses during the year ended December 31, 2015 decreased by \$0.6 million as compared with the same period in 2014.

Depreciation and Amortization. The \$1.6 million decrease in depreciation and amortization during the year ended December 31, 2015 as compared to the year ended December 31, 2014 was primarily due to a reduction in expense of \$1.3 million at Greater Media's Charlotte market cluster.

Impairment Charge. As a result of Greater Media's qualitative assessment at September 30, 2015, Greater Media determined it was more likely than not that the fair value of its FCC licenses was less than their carrying amount. Therefore Greater Media proceeded with a quantitative assessment, which showed that, due to declines in radio station trading multiples, the licenses in four of its market clusters were impaired. As a result, Greater Media recorded impairment charges of \$34.2 million in its Philadelphia market cluster, \$7.7 million in its New Jersey market cluster, \$7.2 million in its Detroit market cluster, and \$3.1 million in its Charlotte market cluster. Greater Media also assessed its newspaper title assets for impairment at September 30, 2015, resulting in a determination that, due to ongoing weakness in the market for newspaper businesses, its newspaper titles were 100% impaired. As a result, Greater Media's publishing division recorded an impairment charge of \$1.5 million.

Interest Expense. Interest expense decreased \$0.3 million during the year ended December 31, 2015 as compared to the year ended December 31, 2014. The primary factor affecting interest expense was a decrease in long-term debt outstanding.

Other Income (Expense), Net. Other income (expense), net increased \$4.9 million during the year ended December 31, 2015. Significant factors affecting other income (expense), net included growth in the cash surrender value of company-owned life insurance totaling \$2.7 million, as well as a \$2.1 million reduction in deferred compensation liabilities.

Income Tax Expense (Benefit). With the exception of two C-Corporation subsidiaries, Greater Media has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code, and has elected to be treated as an S-Corporation for state tax purposes in a variety of states. Under those provisions, the stockholders' respective share of Greater Media's taxable income or loss flows through to their individual tax returns. Aside from the two C-Corporation

subsidiaries, Greater Media is not required to pay federal corporate income taxes, and it pays state income taxes at a reduced rate. Income tax expense decreased from an expense of \$0.7 million for the year ended December 31, 2014 to a benefit of \$0.2 million for the year ended December 31, 2015, a net favorable change of \$0.9 million, primarily as a result of various deferred tax changes.

Table of Contents

Net Income (Loss). Net income (loss) changed to a net loss of \$37.2 million for the year ended December 31, 2015 as compared to net income of \$7.1 million for the year ended December 31, 2014 as a result of the factors described above.

Liquidity & Capital Resources

Overview. Greater Media's primary sources of liquidity are internally generated cash flow and its revolving credit facility. Greater Media's primary liquidity needs have been, and for the next twelve months and thereafter are expected to continue to be, for working capital, debt service, and other general corporate purposes, including capital expenditures and the payment of premiums on corporate-owned life insurance policies. Historically, Greater Media's capital expenditures have not been significant. They have generally been, and are expected to continue to be, related to enhancements to Greater Media's studio and office space, replacement of obsolete equipment, and the technological improvement of its broadcasting towers and equipment.

Greater Media's credit agreement governing its revolving credit facility and term loan permits it to pay cash dividends, subject to compliance with financial covenants, up to an aggregate amount of \$7.0 million in 2015 and subsequent years.

Greater Media expects to provide for future liquidity needs through one or a combination of the following sources of liquidity:

internally generated cash flow;

its revolving credit facility;

additional borrowings, other than under its existing revolving credit facility, to the extent permitted thereunder; and

additional equity offerings.

Greater Media believes that it will have sufficient liquidity and capital resources to permit it to provide for its liquidity requirements and meet its financial obligations for the next twelve months. However, poor financial results or unanticipated expenses could give rise to defaults under Greater Media's credit facilities, additional debt servicing requirements or other additional financing or liquidity requirements sooner than Greater Media expects and it may not be able to secure financing when needed or on acceptable terms.

The following summary table presents a comparison of Greater Media's capital resources for the six months ended June 30, 2016 and 2015 with respect to certain of its key measures affecting its liquidity. The changes set forth in the table are discussed in greater detail below. This section should be read in conjunction with Greater Media's consolidated financial statements and notes thereto included elsewhere in this Information Statement.

Amounts in thousands

	Six months ended	
	June 30,	
	2016	2015
Net cash provided by operating activities	\$ 6,348	\$ 3,097
Net cash used in investing activities	(3,839)	(3,485)
Net cash used in financing activities	(3,605)	(3,634)
Net decrease in cash and cash equivalents	\$ (1,096)	\$ (4,022)

Net Cash Provided By Operating Activities. Net cash provided by operating activities increased \$3.3 million during the six months ended June 30, 2016 as compared to the six months ended June 30, 2015. Significant factors affecting this increase in net cash provided by operating activities included a \$6.4 million increase in cash receipts collected from customers and a \$0.2 million decrease in interest payments, partially offset by a \$2.5 million increase in cash paid for operating expenses and legal fees of \$0.9 million related to the Merger.

Table of Contents

Net Cash Used In Investing Activities. Net cash used in investing activities during the six months ended June 30, 2016 included payments of \$2.6 million for corporate-owned life insurance premiums, \$1.3 million for capital expenditures, and \$0.5 million for purchases of investments, partially offset by proceeds of \$0.5 million from sales of investments. Net cash used in investing activities for the same period in 2015 included payments of \$2.1 million for corporate-owned life insurance premiums, \$2.3 million for capital expenditures, and \$0.5 million for purchases of investments, partially offset by proceeds of \$0.6 million from sales of investments, and \$0.8 million from the sale of property and equipment.

Net Cash Used In Financing Activities. Net cash used in financing activities during the six months ended June 30, 2016 included repayments of \$3.6 million under Greater Media's credit facilities. Net cash used in financing activities for the same period in 2015 included repayments of \$3.4 million under Greater Media's credit facilities and \$0.2 million in deferred financing costs.

Credit Facilities. As of June 30, 2016, the credit facilities consisted of a term loan with a remaining balance of \$68.7 million and a revolving credit facility with a total commitment of \$50.0 million. At Greater Media's option, the credit facilities may bear interest at either (i) the LIBOR rate, as defined in the credit agreement, plus a margin ranging from 2.5% to 4.0% that is determined by its leverage ratio, as defined in the credit agreement or (ii) the base rate, as defined in the credit agreement, plus a margin ranging from 1.5% to 2.5% that is determined by its leverage ratio. Interest on adjusted LIBOR loans is payable at the end of each applicable interest period and, for those interest periods with a duration in excess of three months, the three month anniversary of the beginning of such interest period. Interest on base rate loans is payable quarterly in arrears. The credit facilities carried interest, based on LIBOR, of 4.1% as of June 30, 2016 and mature on February 26, 2018. The credit agreement requires mandatory prepayments for defined amounts from net proceeds of asset sales, net insurance proceeds, and net proceeds of debt issuances.

The credit agreement requires Greater Media to comply with certain financial covenants which are defined in the credit agreement. These financial covenants include:

Leverage Ratio. Greater Media's consolidated funded debt as of June 30, 2016 must not exceed 4.0 times its consolidated EBITDA (each as defined in the credit agreement) for the four quarters then ended. For the period from July 1, 2016 through December 31, 2016, the maximum ratio is also 4.0 times. For the period from January 1, 2017 through December 31, 2017, the maximum ratio is 3.5 times. For the period beginning January 1, 2018 and thereafter the maximum ratio is 3.0 times.

Fixed Charge Coverage Ratio. Greater Media's consolidated EBITDA, net of certain adjustments as defined in the credit agreement, for the four quarters ending on the last day of each fiscal quarter through maturity must not be less than 1.1 times the sum of its consolidated cash interest expense and its scheduled principal payments on indebtedness for the four quarters then ended.

The credit facility is secured by a first-priority lien on substantially all of Greater Media's assets and the assets of substantially all of its subsidiaries and is guaranteed jointly and severally by Greater Media and substantially all of its subsidiaries. If Greater Media defaults under the terms of the credit agreement, Greater Media and its applicable subsidiaries may be required to perform under their guarantees. As of June 30, 2016, the maximum amount of undiscounted payments Greater Media and its applicable subsidiaries would have been required to make in the event of default was \$83.7 million. The guarantees for the credit facility expire on February 26, 2018.

Table of Contents

The aggregate scheduled principal repayments of the credit facilities for the remainder of 2016 and the next five years are as follows:

2016	\$ 3,825,000
2017	8,662,500
2018	71,250,000
2019	
2020	
Total	\$ 83,737,500

Failure to comply with financial covenants, scheduled interest payments, scheduled principal repayments, or any other terms of the credit agreement could result in the acceleration of the maturity of Greater Media's outstanding debt, which could have a material adverse effect on its business or results of operations. As of June 30, 2016, Greater Media was in compliance with all applicable financial covenants under its credit agreement; Greater Media's leverage ratio was 3.58 times, and its fixed charge coverage ratio was 1.51 times.

Greater Media's credit agreement requires it to maintain an interest hedging contract, such as an interest rate swap, with a notional amount of at least 50% of the outstanding term loan balance, and with a term of at least three years. As of June 30, 2016, Greater Media is a party to two interest rate swaps with a total notional amount of \$80.0 million. The interest rate swaps convert a portion of its variable rate debt to a fixed rate basis, thus reducing the impact of interest rate changes on future interest expense. One of the instruments, with a notional amount of \$45.0 million, carries a fixed interest rate of 1.0% and expires December 29, 2017. The other instrument, with a notional amount of \$35.0 million, carries a fixed interest rate of 1.2% and expires December 29, 2017.

Off-balance Sheet Arrangements

As of June 30, 2016, Greater Media had no material off-balance sheet arrangements.

Tabular Disclosure of Contractual Obligations

The following table summarizes Greater Media's contractual obligations and commitments as of June 30, 2016.

<i>Amounts in thousands</i>	Total	Less than one year	One to three years	Three to five years	More than five years
Debt obligations	\$ 83,738	\$ 7,988	\$ 75,750	\$	\$
Interest on debt obligations ⁽¹⁾⁽²⁾	6,256	3,887	2,369		
Operating leases	22,369	5,219	8,024	5,590	3,536
Purchase obligations	14,251	9,071	5,180		
Contractual obligations	16,925	5,604	10,010	1,311	
Total	\$ 143,539	\$ 31,769	\$ 101,333	\$ 6,901	\$ 3,536

- (1) Interest payments on debt obligations are calculated for future periods using interest rates in effect at June 30, 2016. The projected payments only pertain to obligations outstanding at June 30, 2016.
- (2) Amounts include impact of interest rate swaps. See Quantitative and Qualitative Disclosures About Market Risk below for more information regarding Greater Media's interest rate swaps.

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

Greater Media is subject to interest rate market risk in connection with its term loan and revolving credit facilities. At June 30, 2016, the outstanding balance of borrowings under the term loan facility was \$68.7 million,

Table of Contents

and the outstanding balance of borrowings under the revolving credit facility was \$15.0 million. The total commitment under the revolving credit facility is \$50.0 million. The interest on these borrowings is variable, and is a function of Greater Media's total debt outstanding and earnings before income taxes, depreciation and amortization (EBITDA). At June 30, 2016 the rate was 3.5% plus the bank's LIBO rate of 0.625%. The term loan facility calls for quarterly principal repayments, with a balloon payment of \$56.3 million due on the maturity date of February 26, 2018. The revolving credit facility also matures on that same date.

From time to time, Greater Media enters into interest rate swap agreements to hedge its variable interest rate debt. Below is a list of Greater Media's interest rate swaps as of June 30, 2016:

Swap Name	Counterparty	Effective Date		Notional Amount (in millions)	Rate
Interest Rate Swap A	U.S. Bank	June 2013	December 2017	\$ 45.0	1.01%
Interest Rate Swap B	Citizens Bank	June 2014	December 2017	\$ 35.0	1.19%

If interest rates rise, Greater Media could be exposed to increased interest expense if a counterparty defaults. Because a large portion of Greater Media's outstanding debt is hedged (\$80.0 million of \$83.7 million total outstanding debt at June 30, 2016), a one-eighth percent increase or decrease in assumed interest rates for Greater Media debt facilities as of June 30, 2016 would have an immaterial effect on its interest expense.

Table of Contents

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On July 19, 2016, the Company entered into the Merger Agreement to acquire all of the issued and outstanding equity stock of Greater Media for an aggregate purchase price of \$239,875,000, inclusive of the repayment of approximately \$81.8 million of Greater Media's outstanding debt and the payment of certain transaction expenses. The proceeds to be paid to the stockholders of Greater Media are expected to consist of (i) approximately \$100.0 million in cash and (ii) approximately \$25.0 million in shares of the Company's Class A common stock, which is equal to 5,422,993 shares at a fixed value of \$4.61 per share (the **Merger Shares**). The Merger consideration is subject to adjustment for changes in working capital of Greater Media, outstanding debt of Greater Media and its subsidiaries as of the date of the closing and certain other payments and expenses. Additional Merger Shares may be issued in connection with such adjustment. In addition, the stockholders of Greater Media will receive the net cash proceeds from the sale of Greater Media's tower assets, estimated to be approximately \$20.0 million.

In connection with the transactions contemplated by the Merger Agreement, RBC, US Bank and Beasley Mezzanine Holdings, LLC (the **Borrower**), a direct subsidiary of the Company, entered into a commitment letter, dated July 19, 2016, pursuant to which RBC and US Bank have agreed to provide a credit facility consisting of (a) a term loan B facility in the amount of \$265.0 million (the **Term Loan B Facility**) and (b) a revolving credit facility of \$20.0 million. The Company will receive the funds from the Term Loan B Facility at the closing of the Merger, which, along with the Merger Shares, will be used to pay the purchase price, fees, costs and expenses incurred in connection with the Merger, and to repay existing third party indebtedness of the Borrower and Greater Media.

The unaudited pro forma condensed combined financial statements are based on the Company's historical consolidated financial statements and Greater Media's historical consolidated financial statements as adjusted to give effect to the Company's proposed acquisition of Greater Media and the related financing transactions. The unaudited pro forma condensed combined balance sheet as of June 30, 2016 gives effect to these transactions as if they had occurred on June 30, 2016. The unaudited pro forma condensed combined statements of operations for the twelve months ended December 31, 2015 and the six months ended June 30, 2016 give effect to these transactions as if they had occurred on January 1, 2015.

The assumptions and estimates underlying the unaudited adjustments to the pro forma condensed combined financial statements are described in the accompanying notes, which should be read together with the pro forma condensed combined financial statements.

The unaudited pro forma condensed combined financial statements should be read together with the Company's historical consolidated financial statements, which are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 (attached hereto as Annex B) and the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 (attached hereto as Annex D), and Greater Media's historical consolidated financial statements included herein.

Table of Contents**BEASLEY BROADCAST GROUP, INC.****UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET****JUNE 30, 2016**

	Beasley Broadcast Group, Inc.	Greater Media, Inc.	Pro Forma Adjustments	Notes	Pro Forma Combined
Cash and cash equivalents	14,121,452	7,361,000	(18,836,000)	(a)	2,646,452
Accounts receivable	18,945,682	31,434,000			50,379,682
Prepaid expenses	3,762,425	5,522,000			9,284,425
Other current assets	895,772				895,772
Total current assets	37,725,331	44,317,000	(18,836,000)		63,206,331
Property and equipment, net	27,335,806	26,415,000	(1,415,000)	(b)	52,335,806
FCC broadcasting licenses	234,719,505	187,627,000	82,373,000	(c)	504,719,505
Goodwill	5,336,583				5,336,583
Other intangibles, net	405,822		500,000	(d)	905,822
Other assets	5,793,120	33,245,000	(14,908,000)	(e)	24,130,120
Total assets	311,316,167	291,604,000	47,714,000		650,634,167
Current installments of long-term debt	59,671	7,988,000	(7,988,000)	(f)	59,671
Accounts payable	2,120,646	1,375,000			3,495,646
Other current liabilities	9,321,712	6,346,000	(300,000)	(g)	16,367,712
Total current liabilities	11,502,029	15,709,000	(8,288,000)		18,923,029
Due to related parties	904,109				904,109
Long-term debt	82,040,520	75,750,000	95,625,000	(f)	253,415,520
Deferred tax liabilities	79,147,682	20,168,000	33,003,000	(h)	132,318,682
Other long-term liabilities	1,727,491	36,803,000	(878,000)	(i)	37,652,491
Total liabilities	175,321,831	148,430,000	119,462,000		443,213,831
Class A common stock	9,584		5,423	(j)	15,007
Class B common stock	16,662				16,662
Common stock		182,000	(182,000)	(j)	
Additional paid-in capital	119,936,165	93,020,000	(68,025,423)	(j)	144,930,742
Treasury stock	(15,514,082)				(15,514,082)
Retained earnings	31,520,335	79,939,000	(33,513,000)	(j)	77,946,335
Accumulated other comprehensive income	25,672	(29,967,000)	29,967,000	(j)	25,672
Total stockholder s equity	135,994,336	143,174,000	(71,748,000)		207,420,336
Total liabilities and stockholder s equity	311,316,167	291,604,000	47,714,000		650,634,167

Table of Contents**BEASLEY BROADCAST GROUP, INC.****UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS****SIX MONTHS ENDED JUNE 30, 2016**

	Beasley Broadcast Group, Inc.	Greater Media, Inc.	Pro Forma Adjustments	Notes	Pro Forma Combined
Net revenue	55,232,328	78,384,594	(4,554,099)	(a)	129,062,823
Operating expenses:					
Station operating expenses	39,716,112	69,030,902	(4,077,942)	(b)	104,669,072
Corporate general and administrative expenses	4,944,618	3,422,184			8,366,802
Depreciation and amortization	1,669,987	1,908,589	(993,578)	(c)	2,584,998
Impairment loss		37,666,600			37,666,600
Total operating expenses	46,330,717	112,028,275	(5,071,520)		153,287,472
Operating income (loss)	8,901,611	(33,643,681)	517,421		(24,224,649)
Non-operating income (expense):					
Interest expense	(1,887,084)	(2,459,167)	(4,693,928)	(d)	(9,040,179)
Other income (expense), net	229,411	(1,194,084)	(5,370)		(970,043)
Income (loss) before income taxes	7,243,938	(37,296,932)	(4,181,877)		(34,234,871)
Income tax expense (benefit)	2,953,707	(586,166)	(15,890,315)	(e)	(13,522,774)
Net income (loss)	4,290,231	(36,710,766)	11,708,438		(20,712,097)
Net income per share:					
Basic	0.19				(0.73)
Diluted	0.19				(0.73)
Weighted average shares outstanding:					
Basic	23,003,436		5,422,993	(f)	28,426,429
Diluted	23,089,039		5,422,993	(f)	28,512,032

Table of Contents

BEASLEY BROADCAST GROUP, INC.
UNAUDITED PRO FORMA CONDENSED
COMBINED STATEMENTS OF OPERATIONS
YEAR ENDED DECEMBER 31, 2015

	Beasley Broadcast Group, Inc.	Greater Media, Inc.	Pro Forma Adjustments	Notes	Pro Forma Combined
Net revenue	105,946,670	159,756,184	(9,183,062)	(a)	256,519,792
Operating expenses:					
Station operating expenses	75,609,147	129,485,244	(8,176,511)	(b)	196,917,880
Corporate general and administrative expenses	8,983,860	6,143,911			15,127,771
Radio station exchange transaction costs	349,917				349,917
Depreciation and amortization	3,834,992	3,777,105	(1,947,084)	(c)	5,665,013
Impairment loss	3,520,933	53,684,098	(1,481,198)	(d)	55,723,833
Total operating expenses	92,298,849	193,090,358	(11,604,793)		273,784,414
Operating income (loss)	13,647,821	(33,334,174)	2,421,731		(17,264,622)
Non-operating income (expense):					
Interest expense	(3,967,794)	(5,213,529)	(8,899,034)	(e)	(18,080,357)
Loss on extinguishment of long-term debt	(558,856)				(558,856)
Other income (expense), net	881,938	1,198,568			2,080,506
Income (loss) before income taxes	10,003,109	(37,349,135)	(6,477,303)		(33,823,329)
Income tax expense (benefit)	3,640,787	(195,873)	(16,805,129)	(f)	(13,360,215)
Net income (loss)	6,362,322	(37,153,262)	10,327,826		(20,463,114)
Net income per share:					
Basic	0.28				(0.72)
Diluted	0.28				(0.72)
Weighted average shares outstanding:					
Basic	22,911,727		5,422,993	(g)	28,334,720
Diluted	23,025,720		5,422,993	(g)	28,448,713

(1) Basis of presentation

The historical consolidated financial statements have been adjusted in the pro forma condensed combined financial statements to give effect to pro forma events that are (1) directly attributable to the business combination, (2) factually supportable and (3) with respect to the pro forma condensed combined statements of operations, expected to have a continuing impact on the combined results following the business combination.

The business combination will be accounted for under the acquisition method of accounting. As the acquirer for accounting purposes, the Company has estimated the fair value of Greater Media's assets acquired and liabilities assumed and conformed the accounting policies of Greater Media to its own accounting policies.

The pro forma combined financial statements do not necessarily reflect what the combined company's financial condition or results of operations would have been had the acquisition occurred on the dates indicated. They also may not be useful in predicting the future financial condition and results of operations of the combined company. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

The combined pro forma financial information does not reflect the realization of any expected cost savings or other synergies from the acquisition of Greater Media as a result of restructuring activities and other planned cost savings initiatives following the completion of the business combination.

Table of Contents**(2) Preliminary purchase price allocation**

The Company has performed a preliminary valuation analysis of the fair value of Greater Media's assets and liabilities. The following table summarizes the preliminary allocation of the purchase price as of the acquisition date:

Accounts receivable, net	\$ 31,434,000
Prepaid expenses	5,522,000
Property and equipment, net	25,000,000
FCC broadcasting licenses	270,000,000
Other intangibles, net	500,000
Other assets	18,337,000
Accounts payable	(1,375,000)
Other current liabilities	(6,046,000)
Long-term debt	(81,825,000)
Deferred tax liabilities	(53,171,000)
Other long-term liabilities	(35,925,000)
Net assets acquired	172,451,000
Estimated gain on acquisition	(47,451,000)
Purchase price	125,000,000
Debt assumed	81,825,000
Purchase price and debt assumed	\$ 206,825,000

The preliminary purchase price allocation has been used to prepare pro forma adjustments in the pro forma balance sheet and statements of operations. The final purchase price allocation will be determined when the Company has completed the detailed valuations and necessary calculations. The final allocation could differ materially from the preliminary allocation used in the pro forma adjustments. The final allocation may include (1) changes in fair values of FCC broadcasting licenses, goodwill, and other intangibles, (2) changes in fair values of property and equipment, (3) changes in deferred tax liabilities, and (4) other changes to assets and liabilities.

(3) Pro Forma Adjustments

The pro forma adjustments are based on our preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the unaudited pro forma condensed combined financial information:

Adjustments to the pro forma condensed combined balance sheet as of June 30, 2016

- (a) Represents the expected utilization of Greater Media's cash and cash equivalents of \$7.4 million, the payment of debt issuance costs of \$10.6 million and the payment of estimated transaction costs of \$1.0 million related to the Merger.

- (b) Reflects the adjustment of \$0.1 million to remove the assets of Greater Media's Publishing Division and the adjustment of \$3.1 million to remove the assets of Greater Media's Communications Division which are to be sold prior to the closing date of the Merger, and the adjustment of \$1.4 million to decrease Greater Media's remaining property and equipment to the estimated fair value of \$25.0 million.

- (c) Reflects the adjustment of \$82.4 million to increase Greater Media's FCC broadcasting licenses to the estimated fair value of \$270.0 million.

Table of Contents

- (d) Reflects the adjustment to record other intangibles of \$0.5 million including acquired advertising contracts and advertiser relationships related to the Merger.
- (e) Reflects the adjustment of \$3.7 million to remove certain investments and the adjustment of \$10.1 million to remove certain life insurance assets of Greater Media which will not be acquired. Also reflects the adjustment of \$1.0 million to remove debt issuance costs related to Greater Media's long-term debt that will be repaid on the closing date of the Merger.
- (f) Reflects the new long-term debt of \$265.0 million incurred to (i) finance the \$100.0 million cash portion of the Merger consideration, (ii) repay Greater Media's long-term debt of \$81.8 million, and (iii) repay the Company's long-term debt of \$83.0 million; less debt issuance costs of \$10.6 million.
- (g) Reflects the adjustment of \$0.3 million to decrease the assumed deferred revenue obligations to an estimated fair value of zero.
- (h) Adjusts the deferred tax liabilities resulting from the Merger. The estimated increase in deferred tax liabilities is primarily due to the fair value adjustments for property and equipment and FCC broadcasting licenses based on an estimated tax rate of 39.5%. This estimate is preliminary and subject to change based on management's final determination of the fair value of assets acquired and liabilities assumed.
- (i) Reflects the adjustment of \$0.4 million to decrease the assumed deferred lease liability to an estimated fair value of zero. Also reflects the adjustment of \$0.5 million to remove an interest rate swap liability related to Greater Media's long-term debt that will be repaid on the closing date of the Merger.
- (j) Represents the elimination of the historical equity of Greater Media and the issuance of 5,422,993 shares of Class A common stock at a price of \$4.61 per share to partially finance the Merger. Also reflects the accrual of estimated transaction costs of \$1.0 million and an estimated gain on acquisition of \$47.5 million related to the Merger.

Adjustments to the pro forma condensed combined statement of operations for the six months ended June 30, 2016

- (a) Reflects the adjustment of \$3.6 million to remove the net revenue of Greater Media's Publishing Division and the adjustment of \$1.0 million to remove the net revenue of Greater Media's Communications Division which are to be sold prior to the closing of the Merger.
- (b) Reflects the adjustment of \$3.9 million to remove the operating expenses of Greater Media's Publishing Division and the adjustment of \$0.2 million to remove the operating expenses of Greater Media's Communications Division which are to be sold prior to the closing of the Merger.

- (c) Reflects the adjustment of \$0.1 million to remove the depreciation expense of Greater Media's Publishing and Communications Divisions which are to be sold prior to the closing of the Merger and the net adjustment to depreciation and amortization expense of \$0.9 million based on the decrease in fair value of Greater Media's property and equipment and other intangibles.
- (d) Represents the adjustment to interest expense of \$4.7 million resulting from interest, using an estimated interest rate of 6.25%, on the new long-term debt used to (i) finance the \$100.0 million cash portion of the Merger consideration, (ii) repay Greater Media's long-term debt of \$81.8 million, and (iii) repay the Company's long-term debt of \$83.0 million. Also reflects the amortization of related debt issuance costs over seven years.
- (e) Tax expense was estimated using a blended effective tax rate of 39.5% for the six months ended June 30, 2016.
- (f) Represents the increase in weighted average shares outstanding after issuance of 5,422,993 shares of Class A common stock to partially finance the Merger.

Table of Contents

Adjustments to the pro forma condensed combined statement of operations for the year ended December 31, 2015

- (a) Reflects the adjustment of \$7.4 million to remove the net revenue of Greater Media's Publishing Division and the adjustment of \$1.8 million to remove the net revenue of Greater Media's Communications Division which are to be sold prior to the closing of the Merger.
- (b) Reflects the adjustment of \$7.7 million to remove the operating expenses of Greater Media's Publishing Division and the adjustment of \$0.5 million to remove the operating expenses of Greater Media's Communications Division which are to be sold prior to the closing of the Merger.
- (c) Reflects the adjustment of \$0.2 million to remove the depreciation expense of Greater Media's Publishing and Communications Divisions which are to be sold prior to the closing of the Merger and the net adjustment to estimated depreciation and amortization expense of \$1.7 million based on the decrease in fair value of Greater Media's property and equipment and other intangibles.
- (d) Reflects the adjustment of \$1.5 million to remove the impairment loss of Greater Media's Publishing Division which is to be sold prior to the closing of the Merger.
- (e) Represents the adjustment to interest expense of \$8.9 million resulting from interest, using an estimated interest rate of 6.25%, on the new long-term debt used to (i) finance the \$100.0 million cash portion of the Merger consideration, (ii) repay Greater Media's long-term debt of \$81.8 million, and (iii) repay the Company's long-term debt of \$83.0 million. Also reflects the amortization of related debt issuance costs over seven years.
- (f) Tax expense was estimated using a blended effective tax rate of 39.5% for the year ended December 31, 2015.
- (g) Represents the increase in weighted average shares outstanding after issuance of 5,422,993 shares of Class A common stock to partially finance the Merger.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC under the Exchange Act relating to our business, financial condition and other matters. Such reports and other information may be inspected and copied at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may obtain more information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Copies of such information may be obtained by mail, upon payment of the SEC's customary charges, by writing to the SEC's principal office at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The SEC also maintains an internet website located at www.sec.gov, which contains reports, proxy statements and other information that we file with the SEC electronically via the EDGAR system.

INFORMATION INCORPORATED BY REFERENCE

Pursuant to Item 13(b) to Schedule 14A and Section 14(a) of the Exchange Act, we incorporate by reference our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (attached hereto as Annex B) and our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016 (attached hereto as Annex C and Annex D, respectively).

Table of Contents

Greater Media, Inc. and Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
CONTENTS TO CONSOLIDATED FINANCIAL STATEMENTS

	PAGE
<u>Consolidated Balance Sheets</u>	
June 30, 2016 and 2015	F-1
<u>Consolidated Statements of Operations and Comprehensive (Loss) Income</u>	
For the Six Months Ended June 30, 2016 and 2015	F-2
<u>Consolidated Statements of Stockholders' Equity</u>	
For the Six Months Ended June 30, 2016 and 2015	F-3
<u>Consolidated Statements of Cash Flows</u>	
For the Six Months Ended June 30, 2016 and 2015	F-4
<u>Notes to Consolidated Financial Statements</u>	F-5 F-19

Table of Contents**GREATER MEDIA, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****JUNE 30, 2016 AND 2015**

(Dollars in Thousands)

	2016	2015 (as restated)
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 7,361	\$ 5,649
Accounts receivable (less allowance for doubtful accounts of \$1,085 in 2016 and \$1,572 in 2015)	31,434	34,015
Prepaid expenses and other current assets	5,522	6,328
Total Current Assets	44,317	45,992
Property and Equipment, Net	26,415	28,614
Intangible Assets, Net	187,627	278,384
Other Assets	33,245	29,046
Total Assets	\$ 291,604	\$ 382,036
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities:		
Accounts payable	\$ 1,375	\$ 1,700
Accrued liabilities	5,711	5,796
Federal and state taxes payable	335	376
Deferred revenue	300	21
Current maturities of long-term debt	7,988	6,975
Total Current Liabilities	15,709	14,868
Long-Term Debt, Net of Current Maturities	75,750	83,738
Deferred Income Taxes	20,168	21,772
Other Long-Term Liabilities	36,803	30,282
Stockholders Equity:		
Common stock	182	182
Additional paid-in capital	93,020	93,020
Retained earnings	79,939	159,394
Accumulated other comprehensive loss	(29,967)	(21,220)
Total Stockholders Equity	143,174	231,376

Total Liabilities and Stockholders' Equity	\$ 291,604	\$ 382,036
--	------------	------------

The Notes to Consolidated Financial Statements are an integral part of these statements.

- F-1 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND
COMPREHENSIVE (LOSS) INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015

(Dollars in Thousands)

	2016	2015
Revenues	\$ 87,084	\$ 84,485
Less: agency commissions and discounts	8,699	8,375
Net Revenues	78,385	76,110
Operating Expenses:		
Technical expenses	6,493	6,438
Programming expenses	25,812	24,115
Selling expenses	26,796	24,381
General and administrative expenses	13,352	12,181
Total Operating Expenses	72,453	67,115
Income from Operations Before Depreciation, Amortization, Impairments, and Other Expense (Income)	5,932	8,995
Other Expense (Income):		
Gain on sale/disposal of assets	(5)	(781)
Interest expense	2,459	2,650
Depreciation	1,739	1,839
Amortization	170	207
Interest income	(13)	(14)
Impairment charge on intangible assets	37,667	
Other expense (income), net	1,212	(725)
Total Other Expense (Income), Net	43,229	3,176
(Loss) Income Before Provision for Income Taxes	(37,297)	5,819
(Benefit from) Provision for Income Taxes	(586)	268
Net (Loss) Income	(36,711)	5,551
Other Comprehensive Loss:		
Unrealized (losses) gains on marketable securities	(44)	99
Change in derivative instruments	(546)	(482)

Total Other Comprehensive Loss	(590)	(383)
Comprehensive (Loss) Income	\$ (37,301)	\$ 5,168

The Notes to Consolidated Financial Statements are an integral part of these statements.

- F-2 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015

(Dollars in Thousands)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, January 1, 2015 (as previously reported)	\$ 182	\$ 93,020	\$ 175,829	\$ (20,837)	\$ 248,194
Adjustment, correction of accounting error			(21,972)		(21,972)
Balance, January 1, 2015 (as restated)	182	93,020	153,857	(20,837)	226,222
Net Income			5,551		5,551
Dividends			(14)		(14)
Change in Marketable Securities				99	99
Change in Derivative Instruments				(482)	(482)
Balance, June 30, 2015 (as restated)	182	93,020	159,394	(21,220)	231,376
Balance, January 1, 2016	182	93,020	116,655	(29,377)	180,480
Net Loss			(36,711)		(36,711)
Dividends			(5)		(5)
Change in Marketable Securities				(44)	(44)
Change in Derivative Instruments				(546)	(546)
Balance, June 30, 2016	\$ 182	\$ 93,020	\$ 79,939	\$ (29,967)	\$ 143,174

The Notes to Consolidated Financial Statements are an integral part of these statements.

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015

(Dollars in Thousands)

	2016	2015
Cash Flows from Operating Activities:		
Net (loss) income	\$ (36,711)	\$ 5,551
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	1,909	2,046
Loss (gain) on sale of investments	30	(21)
Impairment charge on intangible assets	37,667	
Gain on sale/disposal of assets	(5)	(781)
Deferred income tax	(840)	
Changes in:		
Accounts receivable	2,813	(2,103)
Prepaid expenses and other current assets	2,589	988
Other assets	(2,527)	(4,190)
Accounts payable	(160)	(121)
Accrued liabilities	1,227	1,558
Federal and state taxes payable	94	65
Deferred revenue	291	12
Other liabilities	(29)	93
Net Cash Provided by Operating Activities	6,348	3,097
Cash Flows from Investing Activities:		
Proceeds from sale of investments	469	604
Purchases of investments	(506)	(474)
Proceeds from sale of property and equipment	5	781
Payments on note receivable	22	22
Purchases of property, equipment and intangible assets	(1,258)	(2,311)
Purchases of corporate-owned life insurance	(2,571)	(2,107)
Net Cash Used in Investing Activities	(3,839)	(3,485)
Cash Flows from Financing Activities:		
Payment of deferred financing costs		(245)
Repayment of long-term debt	(3,600)	(3,375)
Dividends paid	(5)	(14)
Net Cash Used in Financing Activities	(3,605)	(3,634)

Net Decrease in Cash and Cash Equivalents	(1,096)	(4,022)
Cash and Cash Equivalents at Beginning of Period	8,457	9,671
Cash and Cash Equivalents at End of Period	\$ 7,361	\$ 5,649

The Notes to Consolidated Financial Statements are an integral part of these statements.

- F-4 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(Dollars in Thousands)

Note 1 - Summary of Significant Accounting Policies:

Principles of Consolidation and Business Activity

Greater Media, Inc. is a Delaware corporation. The consolidated financial statements include the accounts of Greater Media, Inc. and its subsidiaries (the Company) after elimination of intercompany accounts and transactions. The Company is primarily engaged in the Radio Broadcasting, Publishing and Communications businesses in the Boston, Charlotte, Detroit, New Jersey and Philadelphia markets.

The Company's operations and its ability to grow may be affected by numerous factors, including changes in audience tastes, priorities of advertisers, new laws and governmental regulations and policies, changes in broadcast technical requirements and technological advances by competitors. The Company cannot predict which, if any, of these or other factors might have a significant impact on the radio industry in the future, nor can it predict what impact, if any, the occurrence of these or other events might have on the Company's operations.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates within the consolidated financial statements include the valuation of indefinite-lived intangible assets, as discussed in the Intangible Assets accounting policy, and the provision for income taxes, as discussed in the Income Taxes accounting policy.

Long-Lived Assets

The Company periodically evaluates the net realizable values of long-lived assets, principally identifiable intangibles and property and equipment, for potential impairment when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable, as determined based on the estimated future undiscounted cash flows. If such assets were considered to be impaired, the carrying value of the related assets would be reduced to their estimated fair value.

Property and Equipment

Property and equipment are stated at cost. Depreciation for financial reporting purposes is provided on the straight-line method based on the following estimated useful lives:

Classification	Estimated Life (Years)
Land improvements	20
Buildings	15-40
Furniture, fixtures and equipment	3-15
Broadcasting and technical equipment	7-20

Expenditures for maintenance and repairs are charged to operations as incurred. Expenditures for betterments and major renewals are capitalized and, therefore, are included in property and equipment.

- F-5 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(Dollars in Thousands)

Note 1 - Summary of Significant Accounting Policies (continued):

Intangible Assets

The Company follows the provisions of the Codification Topic Intangibles Goodwill and Other, which addresses financial accounting and reporting for acquired goodwill and other intangible assets. According to these provisions, intangible assets that have indefinite lives are not amortized but rather are tested at least annually for impairment. Intangible assets that have finite useful lives continue to be amortized over their useful lives. FCC licenses and newspaper titles, which the Company believes have indefinite lives, are not amortized. Other intangible assets are amortized over useful lives ranging between three and thirteen years.

At September 30, 2015, the Company performed a qualitative assessment of its indefinite-lived intangible assets as permitted by Accounting Standards Update (ASU) 2012-02, in order to comply with the Codification requirement for testing for impairment on at least an annual basis. According to the ASU, if the qualitative assessment indicates that it is more likely than not (i.e., a greater than 50 percent probability) that an indefinite-lived intangible asset has been impaired, then a quantitative assessment must be performed. The Company reviewed statistics for sales of comparable radio stations, as reported in a publication that focuses on media asset valuations. Those statistics showed a significant number of arms-length radio station sales at lower cash flow multiples within the past year, and therefore the Company determined that there was plausible evidence suggesting that the likelihood of impairment of its FCC license assets might be greater than 50 percent.

As a result, the Company proceeded with the quantitative assessment. The methodology for the quantitative assessment was the same as that used in prior years. To determine the fair value of the FCC licenses, first an overall enterprise value was calculated for each market by applying a cash flow multiple to each radio station's operating cash flow for the preceding twelve months. For some radio stations it was deemed that the use of a revenue multiple would result in a more accurate estimate of enterprise value. The cash flow and revenue multiples were based on the same statistics as were used in the qualitative assessment described above.

The value of the FCC licenses was then determined by applying a typical industry factor to the calculated enterprise values. The results of the quantitative assessment showed impairments in the value of FCC license assets in the Charlotte, Detroit, New Jersey, and Philadelphia markets. Therefore impairment charges of \$52,203 were recognized related to these markets.

On July 19, 2016, the Company entered into an agreement under which all of the Company's equity stock will be acquired by Beasley Broadcast Group, Inc. (the Merger Agreement) (see Note 14). The Company determined that this event provided evidence about the value of its FCC licenses as of the June 30, 2016 balance sheet date. The purchase price attributable to the radio stations under the Merger Agreement is significantly lower than the enterprise value of the stations calculated as of September 30, 2015 discussed above, therefore the Company believed that the likelihood

of impairment was greater than 50%, and proceeded with a quantitative assessment, as required by the Codification.

For the quantitative assessment, the Company used a variation on its traditional methodology. As in the past, an enterprise value was calculated for each station by using either a cash flow multiple or a revenue multiple. Then, the purchase price attributable to the radio stations was allocated pro-rata based on the resulting enterprise values. The allocated purchase price was then compared to the carrying amount for FCC licenses in each market. The results of this quantitative assessment indicated impairments to the FCC license carrying amounts in all five of the Company's markets, therefore impairment charges totaling \$37,667 were recognized as of June 30, 2016.

- F-6 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(Dollars in Thousands)

Note 1 - Summary of Significant Accounting Policies (continued):

At September 30, 2015, the Company had, despite its best efforts, been unable to find a buyer for its newspaper division. As a result, the Company concluded that its newspaper title assets have no value. Therefore an impairment charge of \$1,481 was recorded as of September 30, 2015, representing the full book value of those assets.

Deferred Charges

Debt issuance costs incurred in connection with long-term financing are being amortized over the life of the loan and are included in other assets. At June 30, 2016 and 2015, net deferred charges amounted to \$1,041 and \$1,667, respectively.

Cash Equivalents

The Company considers as cash equivalents all highly liquid debt instruments with a maturity of three months or less at the date of purchase.

Concentration of Credit Risk

The Company maintains cash balances at financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation. Management monitors the soundness of these institutions and considers the Company's risk negligible.

Income Taxes

The Company, with the exception of two C-Corporation subsidiaries, has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code, and has elected to be treated as an S-Corporation for state tax purposes in a variety of states. Under those provisions, the stockholders' respective share of the Company's taxable income or loss flows through to their individual tax returns. The Company is not required to pay federal corporate income taxes, and pays state income taxes at a reduced rate.

The Company accounts for federal and state income taxes in accordance with the Codification Topic on Income Taxes. Therefore, deferred federal and state income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities.

The primary deferred income tax items are the result of certain temporary differences as detailed in Note 8.

Receivables and Credit Policies

Accounts receivable are uncollateralized customer obligations. Normal credit terms call for payment by the 28th of the following month unless the customer's credit history indicates that a longer period is justified. Accounts receivable are stated at the amounts billed to the customer. Customer account balances with invoices over 90 days old are considered delinquent. Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's estimate of the amounts that will not be collected. The Company does not bill or accrue interest on delinquent accounts receivable.

- F-7 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(Dollars in Thousands)

Note 1 - Summary of Significant Accounting Policies (continued):

Revenue Recognition

Revenue is recognized as advertisements are broadcast or appear in print, and are generally billed monthly. Payments received in advance of being earned are recorded as deferred revenue. Revenue arrangements often contain multiple products and services and revenues are allocated based on the relative fair value of each delivered item and recognized in accordance with the applicable revenue recognition criteria for the specific unit of accounting.

Barter transactions represent the exchange of broadcast or printed advertising for merchandise or services. These transactions are recorded at the estimated fair market value of the advertising or the fair value of the merchandise or services received, whichever is most readily determinable. Revenue is recognized on barter transactions when the advertisements are broadcast or appear in print. Expenses are recorded ratably over a period that estimates when the merchandise or service received is utilized. Barter revenues and expenses from operations are included in revenues and selling expenses, respectively.

Investments

Management determines the appropriate classification of its investments in debt and equity securities at the time of purchase and reevaluates such determination on an annual basis. The Company's investments in marketable equity securities are classified as available for sale. Securities available for sale are carried at fair value, with any unrealized holding gains and losses, net of income taxes, reported as a separate component of accumulated other comprehensive (loss) income. Marketable equity and debt securities available for sale are classified in the consolidated balance sheets as other assets. Permanent impairment is recognized in the consolidated statements of operations and comprehensive (loss) income when the impairment is determined by management, based upon a variety of factors, to be other than temporary. The adjusted cost of each specific security sold is used to compute realized gains or losses on the sale of securities available for sale.

Advertising Costs

The Company expenses the cost of advertising as incurred. Advertising costs charged to operations were approximately \$1,551 and \$740 in 2016 and 2015, respectively.

Comprehensive (Loss) Income

Comprehensive (loss) income includes charges and credits to equity that are not the result of transactions with stockholders. Comprehensive (loss) income is comprised of two subsets – net (loss) income and other comprehensive income (OCI). Other comprehensive (loss) income includes the unrealized gain or loss on marketable securities

classified as available for sale held by the Company, unrealized gain or loss on derivative financial instruments and changes in pension and postretirement benefit plans.

Financial Instruments

The Company's financial instruments consist primarily of cash and cash equivalents, marketable securities, accounts receivable, accounts payable, debt and derivative financial instruments. The fair values of cash and cash equivalents, accounts receivable, and accounts payable approximated book values at June 30, 2016 and 2015. See Notes 4, 5, and 6 for the fair value estimates of marketable securities, debt and derivative financial instruments, respectively.

- F-8 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(Dollars in Thousands)

Note 1 - Summary of Significant Accounting Policies (continued):

The Company utilizes derivative financial instruments for interest rate risk exposure management purposes. The Company does not hold or issue derivative financial instruments for trading purposes. The Company recognizes all derivatives as either assets or liabilities on the consolidated balance sheets and measures those instruments at fair value. Changes in fair value of those instruments are reported in operations or other comprehensive (loss) income depending on the use of the derivative and whether it qualifies for hedge accounting. The accounting for gains and losses associated with changes in the fair value of a derivative and the effect on the consolidated financial statements depends on the derivative's hedge designation and whether the hedge is anticipated to be highly effective in achieving offsetting changes in the fair value of the hedged item or cash flows of the asset hedged.

Restatement of Consolidated Financial Statements

Due to an error in the calculation of deferred income taxes related to the impairment of goodwill, the Company has determined that its consolidated balance sheet as of June 30, 2015, and consolidated statement of stockholders' equity as of January 1, 2015 and June 30, 2015 should be restated. There was no impact on the consolidated statements of operations and comprehensive loss or cash flows as a result of the restatement. The following table provides a summary of the impact of the correction on affected line items from the Company's consolidated balance sheet as of June 30, 2015:

	As Previously Reported	Correction of Deferred Income Taxes	As Restated
Deferred income tax (asset)	\$ 200	\$ (200)	\$
Total assets	\$ 382,236	\$ (200)	\$ 382,036
Deferred income tax (liability)	\$	\$ 21,772	\$ 21,772
Retained earnings	\$ 181,366	\$ (21,972)	\$ 159,394
Total stockholders' equity	\$ 253,348	\$ (21,972)	\$ 231,376
Total liabilities and stockholders' equity	\$ 382,236	\$ (200)	\$ 382,036

Note 2 - Property and Equipment:

The major classifications of property and equipment at June 30 consist of the following:

	2016	2015
Land and land improvements	\$ 6,190	\$ 5,894
Buildings	24,229	23,893
Furniture, fixtures and equipment	34,054	33,353
Broadcasting and technical equipment	45,333	44,147
Construction in progress	2,943	5,049
	112,749	112,336
Accumulated depreciation	86,334	83,722
Property and Equipment, Net	\$ 26,415	\$ 28,614

- F-9 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(Dollars in Thousands)

Note 2 - Property and Equipment (continued):

Depreciation expense included as a charge to other income and expense amounted to \$1,739 and \$1,839 for 2016 and 2015, respectively.

Note 3 - Intangible Assets:

Intangible assets at June 30 are summarized as follows:

	Amortization Period (Years)	2016	2015
<u>Subject to amortization:</u>			
Computer software:			
Gross cost		\$ 3,617	\$ 3,365
Accumulated amortization	3-7	2,893	3,235
Net book value		724	130
Not subject to amortization:			
FCC licenses		186,893	276,763
Newspaper titles			1,481
Other		10	10
		186,903	278,254
Intangible Assets, Net		\$ 187,627	\$ 278,384

Aggregate amortization expense on the above intangible assets, included as a charge to other income and expense, amounted to \$170 and \$207 for 2016 and 2015, respectively. Estimated future amortization expense is as follows:

2017	\$ 317
2018	289
2019	118
2020	

2021

Note 4 - Investments:

The cost and fair market value of marketable securities were \$2,923 and \$3,743 at June 30, 2016, and \$2,901 and \$3,998 at June 30, 2015, respectively. Marketable securities are classified as available for sale, and are included in other assets.

Gross unrealized holding gains and losses amounted to \$820 and \$0 at June 30, 2016 and \$1,097 and \$0 at June 30, 2015, respectively.

Proceeds from sales of marketable securities were \$469 and \$604 in 2016 and 2015, respectively, and the Company realized losses totaling \$30 in 2016 and gains totaling \$21 in 2015, which are included in other income, net on the consolidated statements of operations and comprehensive (loss) income.

- F-10 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(Dollars in Thousands)

Note 5 - Long-Term Debt:

Long-term debt at June 30 consisted of the following:

	2016	2015
Note payable bank, term loan facility dated February 26, 2013, collateralized by the stock and assets of the Company and its subsidiaries	\$ 68,738	\$ 75,713
Note payable bank, revolving credit facility dated February 26, 2013, collateralized by the stock and assets of the Company and its subsidiaries	15,000	15,000
Total long-term debt	83,738	90,713
Current maturities of long-term debt	7,988	6,975
Long-term debt, net of current maturities	\$ 75,750	\$ 83,738

On February 26, 2013 the Company entered into an agreement with a bank, acting as agent for a group of banks, to borrow up to \$160,000 in the form of a term loan of \$90,000 and a revolving credit facility of \$70,000. The interest on these borrowings is a function of the Company's total debt outstanding and earnings before income taxes, depreciation and amortization (EBITDA), and was 3.5 percent over the bank's LIBO rate of 0.6 percent as of June 30, 2016. The Company must pay a commitment fee on the unused balance of the available commitment. This fee is also a function of the Company's total debt and EBITDA, and is currently at 0.4 percent.

The term loan facility provides for quarterly principal repayments beginning June 30, 2013. The quarterly principal amount to be repaid starts at 1.6 percent of the initial term loan amount, increasing to 1.9 percent effective June 30, 2014, 2.1 percent effective June 30, 2016, and 2.5 percent effective June 30, 2017. The remaining principal amount is due on the maturity date of February 26, 2018. The revolving credit facility also matures on that same date.

The loan agreement requires the Company to maintain compliance with certain financial covenants as defined in the agreement. In addition, certain restrictions have been imposed limiting the incurrence of debt, liens, investments, guaranty obligations, dividends, changes in lines of business, consolidations and mergers, sales of assets, acquisitions, and interaffiliate transactions.

The agreement also requires, within the first 90 days, that the Company enter into an interest hedging contract, such as an interest rate swap, with a notional amount of at least 50% of the outstanding term loan balance, and with a term of at least three years. In May 2013, the Company entered into two interest rate swap derivative instruments with a total notional amount of \$80,000. One of the instruments, with a notional amount of \$45,000, carries a fixed interest rate of

1.0% and a term beginning June 28, 2013 and expiring December 29, 2017. The other instrument, with a notional amount of \$35,000, carries a fixed interest rate of 1.2% and a term beginning June 30, 2014 and expiring December 29, 2017. By entering into these instruments, the Company meets the hedging requirements contained in its debt agreement.

In March 2015, the Company entered into an amendment agreement (the Amendment) with its lending banks to modify certain aspects of its debt agreement. The Amendment makes certain changes to financial covenants, and also reduces the total revolving loan commitment to \$50,000.

- F-11 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(Dollars in Thousands)

Note 5 - Long-Term Debt (continued):

Aggregate maturities of long-term debt of the Company due within the next five years are as follows:

2017	\$ 7,988
2018	75,750
2019	
2020	
2021	

Borrowings under the Company's debt agreements have variable rates that reflect currently available terms and conditions for similar debt, therefore the carrying amount of this debt is considered by management to be a reasonable estimate of its fair value.

Note 6 - Derivatives:

The Company follows the provisions of the Codification Topic on Derivatives and Hedging. Accordingly, the Company is required to recognize its derivative instruments as either assets or liabilities in the consolidated balance sheets at fair value. The method of accounting for changes in the fair value (periodic unrealized gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, further, on the type of hedging relationship and the effectiveness of the arrangement. See Note 7 for fair value disclosures related to derivatives.

Interest Rate Swaps

The Company has entered into interest rate swap derivative instruments with two banks for interest rate risk exposure-management purposes. The interest rate swaps utilized by the Company convert a portion of its variable rate debt to a fixed rate basis, thus reducing the impact of interest rate changes on future interest expense.

The effectiveness of the interest rate swaps is determined using a calculation which measures the cash flow impact of the expected future changes in the variable interest rate under the swap agreement (i.e., LIBOR) and the expected future changes in the variable interest rate of the related notes. The expected cash flow amounts determined in this calculation are discounted to present value and the difference between the amount calculated for the variable payment under the swap agreement and the variable payments under the notes represents the ineffectiveness of the derivative instrument.

The Company has designated the interest rate swap agreements as cash flow hedge transactions and, accordingly, the effective portion of the gain or loss on the agreement is recognized as a gain or loss on derivative instrument and reported as a component of other comprehensive income (loss). Any remaining gain or loss on the derivative instruments in excess of the cumulative change in the present value of future cash flows of the hedged item, which represents the ineffective portion of the derivative instruments, is reported as income or expense.

At June 30, 2016, the Company expects to reclassify during the next twelve months \$371 of net losses on the derivative instruments from accumulated other comprehensive loss to interest expense due to the payment of fixed rate interest associated with the interest rate swap agreements.

- F-12 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(Dollars in Thousands)

Note 6 - Derivatives (continued):

The change in the derivative contracts consisted of the following:

	2016	2015
Unrealized loss in fair value of interest rate swap contracts arising during the period	\$ (734)	\$ (819)
Current effect of variability of the cash flows on interest rate swap contracts transferred into interest expense	188	337
Change in Derivative Contracts	\$ (546)	\$ (482)

The fair value of the Company's interest rate swap derivative contracts is determined utilizing forward interest rate estimates and present value techniques. Those fair values are as follows as of June 30:

	2016		2015	
	Consolidated Balance Sheet Location	Fair Value	Consolidated Balance Sheet Location	Fair Value
Liability derivatives designated as hedging instruments:				
Interest rate swap derivative contracts	Other long-term liabilities	\$ 463	Other long-term liabilities	\$ 62

Disclosures regarding the Company's cash flow hedging relationships are as follows for the periods ended June 30:

	Amount of Loss Recognized in OCI on Derivatives (Effective Portion)	
	2016	2015
Derivatives in Cash Flow Hedging Relationships		
Interest rate swap derivative contracts	\$ (734)	\$ (819)

Derivatives in Cash Flow Hedging Relationships	Location of Gain (Loss) Reclassified from Accumulated OCI into Operations (Effective Portion)	Amount of Loss Reclassified from Accumulated OCI into Operations (Effective Portion)	
		2016	2015
Interest rate swap derivative contracts	Interest expense	\$ (188)	\$ (337)

Note 7 - Fair Value Measurements:

The following fair value disclosures are provided pursuant to the requirements of the Codification Topic on Fair Value Measurements and Disclosures. For applicable assets and liabilities subject to these requirements, the Company will value such assets and liabilities using quoted market prices in active markets for identical assets and liabilities to the extent possible. To the extent that such market prices are not available, the Company will next attempt to value such assets and liabilities using observable measurement criteria, including quoted market prices of similar assets and liabilities in active and inactive

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(Dollars in Thousands)

Note 7 - Fair Value Measurements (continued):

markets and other corroborated factors. In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Company will develop measurement criteria based on the best information available.

Recurring Fair Value Measurements

The following table summarizes assets which have been accounted for at fair value on a recurring basis, along with the basis for the determination of fair value:

		Basis for Valuation		
	Total	Quoted Prices in Active Markets	Observable Measurement Criteria	Unobservable Measurement Criteria
As of June 30, 2016:				
Assets:				
Available-for-sale securities	\$ 3,743	\$ 3,743	\$	\$
Liabilities:				
Derivatives	\$ (463)	\$	\$ (463)	\$
As of June 30, 2015:				
Assets:				
Available-for-sale securities	\$ 3,998	\$ 3,998	\$	\$
Liabilities:				
Derivatives	\$ (62)	\$	\$ (62)	\$

Note 8 - Income Taxes:

The Company and its subsidiaries file a consolidated federal income tax return.

Significant components of the provision for (benefit from) income taxes for the periods ended June 30 are as follows:

	2016	2015
Current:		
Federal	\$ 49	\$ 46
State	205	222
Total Current	254	268
Deferred:		
Federal	(840)	
State		
Total Deferred	(840)	
Total (Benefit from) Provision for Income Taxes	\$ (586)	\$ 268

- F-14 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(Dollars in Thousands)

Note 8 - Income Taxes (continued):

Deferred income taxes are summarized as follows at June 30:

	2016	2015 (as restated)
Deferred income tax assets:		
Impairment charge on goodwill	\$ 1,030	\$ 1,030
Pension	412	342
Deferred compensation	68	104
Other	176	169
Total deferred income tax assets	1,686	1,645
Valuation allowance		
Net deferred income tax assets	1,686	1,645
Deferred income tax liabilities:		
Acquired basis of FCC license asset	19,209	20,049
Depreciation	1,716	1,720
Amortization	90	802
Deferred gain on like-kind exchange	838	838
Interest rate swaps	1	8
Total deferred income tax liabilities	21,854	23,417
Net Deferred Income Tax Liability	\$ 20,168	\$ 21,772

At June 30, 2016, the Company had Massachusetts, New Jersey and Philadelphia net operating loss (NOL) carryforwards of approximately \$9,230, which may be used to reduce future taxable income in those jurisdictions. The NOL carryforwards will expire through 2034.

The Company adopted the provisions of the Codification Topic on Income Taxes which clarify the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. These provisions prescribe a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. They also provide guidance on de-recognition, classification, interest and

penalties, accounting in interim periods, disclosure and transition.

Based on the Company's evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in the consolidated financial statements or adjustments to deferred tax assets or liabilities.

The Company may from time to time be assessed interest or penalties by major tax jurisdictions, although any such assessments historically have been minimal and immaterial to its consolidated financial results. The Company's policy is to classify assessed interest as interest expense and assessed penalties as other expense in the consolidated financial statements.

- F-15 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(Dollars in Thousands)

Note 9 - Common Stock:

Common stock consisted of the following at June 30:

	2016	2015
Common stock, \$.000001 par, \$.09375 stated value, voting:		
Authorized 100,000 shares		
Issued and outstanding 80,000 shares	\$ 8	\$ 8
Common stock, \$.000001 par, \$.093697 stated value, non-voting:		
Authorized 5,000,000 shares		
Issued and outstanding 1,861,142.91 shares	174	174
	\$ 182	\$ 182

Note 10 - Accumulated Other Comprehensive Income (Loss):

The after-tax components of accumulated other comprehensive income (loss) are as follows:

	Marketable Securities Unrealized Holding Gains/ (Losses)	Derivative Contracts	Pension and Postretirement Benefit Plans	Total Accumulated Other Comprehensive Income (Loss)
Balance at January 1, 2015	\$ 998	\$ 413	\$ (22,248)	\$ (20,837)
Change during period	99	(482)		(383)
Balance at June 30, 2015	\$ 1,097	\$ (69)	\$ (22,248)	\$ (21,220)
Balance at January 1, 2016	\$ 864	\$ 82	\$ (30,323)	\$ (29,377)
Change during period	(44)	(546)		(590)
Balance at June 30, 2016	\$ 820	\$ (464)	\$ (30,323)	\$ (29,967)

Note 11 - Employee Benefit Plans:

The Company has non-contributory defined benefit pension plans covering substantially all of its employees. The Company's funding policy is to make annual contributions to the qualified plan in amounts that are required under the provisions of ERISA, such that all employees' benefits will be fully provided by the time they retire. Effective December 31, 2008 the Company froze benefits being accrued under the major plan covering its employees. Effective January 1, 2009, the Company froze benefits being accrued as part of its Supplemental Employee Retirement Plan. The Company follows the alternative disclosure for a non-public company as stated in the Codification Topic on Compensation - Retirement Benefits. The Company made contributions of \$2,087 in both 2016 and 2015. The Company estimates that its total contribution for 2015 will be \$4,173.

The Company also provides an employees' savings plan for certain employees. Participants may contribute from 1 percent to 60 percent of their compensation. The Company makes a matching contribution equal to the participant's contribution, limited to the lesser of 6 percent of the participant's compensation or \$1.5 per year. The Company contributed \$694 and \$550 in 2016 and 2015, respectively. Participants are fully vested at all times in their contributions.

- F-16 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(Dollars in Thousands)

Note 11 - Employee Benefit Plans (continued):

In addition to providing pension benefits, the Company sponsors a retiree health plan that provides post-retirement medical benefits to full-time non-union employees who have worked at least 15 years and attained age 55 while in service with the Company. Effective June 30, 2001, the plan was closed to new retirees. The plan, which is unfunded, is contributory, with retiree contributions adjusted annually, and contains other cost-sharing features such as deductibles and coinsurance. The Company's contribution rates for future years have been fixed at the rates in effect on January 1, 2001. The Company made contributions of \$36 and \$37 in 2016 and 2015, respectively. The Company estimates that its total contribution for 2016 will be \$110.

In addition, included in other long-term liabilities at June 30, 2016 and 2015 was approximately \$3,703 and \$5,846, respectively, representing deferred compensation arrangements associated with certain key employees. The costs have been accrued according to the terms of the Company's deferred compensation plans.

Note 12 - Commitments and Contingencies:

There are various legal actions and other claims pending against the Company incidental to its business and operations. In the opinion of management, the resolution of these matters will not have a material effect on the consolidated financial position or results of operations.

The Company and its subsidiaries lease office space, towers, real estate related to tower sites, office equipment and transmitting equipment. The most significant obligations assumed under the lease terms are the upkeep of the facilities, insurance and property taxes. Total rent expense for the Company was \$3,212 for 2016 and \$3,104 for 2015.

The Company also has various non-cancellable commitments under operating leases, on-air talent contracts and other contracts with aggregate minimum annual commitments as of June 30, 2016 as follows:

	Operating Leases	On-Air Talent	Other Contracts	Total
2017	\$ 5,219	\$ 5,604	\$ 9,071	\$ 19,894
2018	4,596	5,312	5,159	15,067
2019	3,428	4,698	21	8,147
2020	2,859	1,311		4,170
2021	2,731			2,731
2022 and subsequent	3,536			3,536

Total	\$ 22,369	\$ 16,925	\$ 14,251	\$ 53,545
-------	-----------	-----------	-----------	-----------

Note 13 - Supplemental Disclosure of Cash Flow Information:

	2016	2015
<u>Cash paid during the period for:</u>		
Interest	\$ 2,146	\$ 2,356
Income taxes (net of refunds)	\$ 246	\$ 362

- F-17 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(Dollars in Thousands)

Note 14 - Subsequent Events:

On July 19, 2016, the Company entered into an Agreement and Plan of Merger with Beasley Broadcast Group, Inc. (Beasley), Beasley Media Group 2, Inc., an indirect wholly-owned subsidiary of Beasley (Merger Sub), and Peter A. Bordes, Jr., as the Stockholders Representative (the Merger Agreement) pursuant to which, subject to the satisfaction or waiver of the conditions set forth therein, Merger Sub will be merged with and into the Company, with the Company surviving the merger as an indirect wholly-owned subsidiary of Beasley (the Merger).

Pursuant to the terms of the Merger Agreement, Beasley agreed to acquire all of the Company s issued and outstanding equity stock for an aggregate purchase price of \$239,875, inclusive of the refinancing of approximately \$80,000 of the Company s outstanding debt and the payment of certain transaction expenses. The proceeds to be paid to the Company s stockholders are expected to consist of (i) approximately \$100,000 in cash and (ii) approximately \$25,000 in shares of Beasley s Class A common stock, which is equal to 5,422,993 shares at a fixed value of \$4.61 per share (the Merger Shares). The Merger consideration is subject to adjustment for changes in the Company s working capital, outstanding debt of the Company and its subsidiaries as of the date of the closing, and certain other payments and expenses. Additional Merger Shares may be issued in connection with such adjustment. In addition, the Company s stockholders will receive the net cash proceeds from the sale of the Company s tower assets, estimated to be approximately \$20,000.

Consummation of the Merger is subject to customary closing conditions, including (i) approval from the Federal Communications Commission, (ii) absence of any order or injunction prohibiting the consummation of the Merger, (iii) subject to customary materiality qualifiers, the accuracy of the representations and warranties of Beasley and Merger Sub contained in the Merger Agreement and compliance by Beasley with its covenants contained in the Merger Agreement, (iv) the Merger Shares having been approved for listing on the Nasdaq Global Select Market, and (v) Beasley having delivered executed counterparts to certain ancillary agreements. Beasley has obtained a debt financing commitment to fund the transactions contemplated by the Merger Agreement, the aggregate proceeds of which, together with cash and cash equivalents available to Beasley and issuance of the Merger Shares, will be sufficient for Beasley to pay the aggregate Merger Consideration and all related fees and expenses.

The Merger Agreement contains certain customary termination rights for both the Company and Beasley. The Merger Agreement also provides that Beasley shall pay the Company a termination fee of \$6,390 if the Company terminates the Merger Agreement because all conditions to closing have been satisfied and Beasley has not consummated the Merger due to the failure of the financing to be available, provided that the Company is not also able to terminate the Merger Agreement due to Beasley s breach. It further provides that Beasley shall pay the Company a termination fee of \$12,780 if (i) the Company terminates the Merger Agreement due to a breach of a representation or covenant by Beasley such that the applicable condition to closing is not satisfied, or (ii) the Company terminates the Merger Agreement because Beasley has failed to consummate the Merger when required by the Merger Agreement, in circumstances where the financing was available.

The Merger Agreement contemplates that the parties or their affiliates will enter into the following additional agreements at Closing: (i) an Investor Rights Agreement and (ii) a Registration Rights Agreement. The Investor Rights Agreement would provide the former stockholders of the Company receiving Merger Shares (the Greater Media Stockholders) with tag-along rights to participate in certain sales of equity securities by Beasley and its affiliates and also would provide the Greater Media Stockholders with the right to nominate one director for election to Beasley s Board, so long as the Greater

- F-18 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(Dollars in Thousands)

Note 14 - Subsequent Events (continued):

Media Stockholders collectively hold at least 75% of the Merger Shares issued to them at the closing of the Merger. The Registration Rights Agreement would require Beasley to prepare and file with the Securities and Exchange Commission, not later than 20 days after the consummation of the Merger, a registration statement with respect to the resale of the Merger Shares by the Greater Media Stockholders, among other things.

The Company determined that the agreement entered into with Beasley provided evidence about the value of its FCC license assets as of the June 30, 2016 balance sheet date. Since these licenses are considered by the Company to have indefinite lives they are not amortized and, hence, must be tested for impairment when events or changes in circumstances indicate that it is more likely than not that they are impaired. Accordingly, the Company performed impairment testing as of the June 30, 2016 balance sheet date, resulting in recognition of impairment charges totaling \$37,667. See Note 1.

The Company has evaluated subsequent events occurring after the consolidated balance sheet date through the date of August 29, 2016, the date the consolidated financial statements were available for release. Based upon this evaluation, the Company has determined that no subsequent events occurred, other than the Merger Agreement and related impairment testing described above, which require adjustment to or disclosure in the consolidated financial statements.

- F-19 -

Table of Contents

Greater Media, Inc. and Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 and 2014

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES

CONTENTS TO CONSOLIDATED FINANCIAL STATEMENTS

	PAGE
<u>Independent Auditors Report</u>	F-1 F-2
<u>Consolidated Balance Sheets</u>	
December 31, 2015 and 2014	F-3
<u>Consolidated Statements of Operations and Comprehensive (Loss) Income</u>	
For the Years Ended December 31, 2015 and 2014	F-4
<u>Consolidated Statements of Stockholders Equity</u>	
For the Years Ended December 31, 2015 and 2014	F-5
<u>Consolidated Statements of Cash Flows</u>	
For the Years Ended December 31, 2015 and 2014	F-6
<u>Notes to Consolidated Financial Statements</u>	F-7 F-24

Table of Contents

INDEPENDENT AUDITORS REPORT

To the Board of Directors and Stockholders,

Greater Media, Inc. and Subsidiaries:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Greater Media, Inc. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of operations and comprehensive (loss) income, stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Greater Media, Inc. and its subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

- F-1 -

Table of Contents

Correction of Error

As discussed in Note 1 to the financial statements, due to an error in the calculation of deferred income taxes related to the impairment of goodwill, the Company has restated, and an adjustment has been made to retained earnings as of January 1, 2014 to correct the error.

/s/ Withum Smith & Brown, PC

March 30, 2016

- F-2 -

Table of Contents**GREATER MEDIA, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****DECEMBER 31, 2015 AND 2014**

	2015	2014 (as restated)
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 8,457	\$ 9,671
Accounts receivable (less allowance for doubtful accounts of \$1,394 in 2015 and \$1,677 in 2014)	34,247	31,912
Prepaid expenses and other current assets	5,540	5,209
Total Current Assets	48,244	46,792
Property and Equipment, Net	27,055	28,147
Intangible Assets, Net	225,305	278,586
Other Assets	30,861	25,063
Total Assets	\$ 331,465	\$ 378,588
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities:		
Accounts payable	\$ 1,535	\$ 1,821
Accrued liabilities	4,484	4,238
Federal and state taxes payable	241	311
Deferred revenue	9	9
Current maturities of long-term debt	7,425	6,750
Total Current Liabilities	13,694	13,129
Long-Term Debt, Net of Current Maturities	79,913	87,338
Deferred Income Taxes	21,008	21,772
Other Long-Term Liabilities	36,370	30,127
Stockholders Equity:		
Common stock	182	182
Additional paid-in capital	93,020	93,020
Retained earnings	116,655	153,857
Accumulated other comprehensive loss	(29,377)	(20,837)
Total Stockholders Equity	180,480	226,222
Total Liabilities and Stockholders Equity	\$ 331,465	\$ 378,588

The Notes to Consolidated Financial Statements are an integral part of these statements.

- F-3 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND
COMPREHENSIVE (LOSS) INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Dollars in Thousands)

	2015	2014
Revenues	\$ 177,276	\$ 178,619
Less: agency commissions and discounts	17,520	17,232
Net Revenues	159,756	161,387
Operating Expenses:		
Technical expenses	12,687	13,412
Programming expenses	48,457	48,104
Selling expenses	50,699	53,604
General and administrative expenses	23,786	23,863
Total Operating Expenses	135,629	138,983
Income from Operations Before Depreciation, Amortization, Impairments, and Other Expense (Income)	24,127	22,404
Other Expense (Income):		
Gain on sale/disposal of assets	(751)	(16)
Interest expense	5,214	5,559
Depreciation	3,478	3,667
Amortization	299	1,667
Interest income	(27)	(35)
Impairment charge on intangible assets	53,684	
Other expense (income), net	(421)	3,758
Total Other Expense (Income), Net	61,476	14,600
(Loss) Income Before Provision for Income Taxes	(37,349)	7,804
(Benefit from) Provision for Income Taxes	(196)	706
Net (Loss) Income	(37,153)	7,098
Other Comprehensive Loss:		
Unrealized (losses) gains on marketable securities	(134)	(91)
Change in derivative instruments	(331)	(432)
Change in pension and postretirement benefit plans	(8,075)	(6,183)

Total Other Comprehensive Loss	(8,540)	(6,706)
Comprehensive (Loss) Income	\$ (45,693)	\$ 392

The Notes to Consolidated Financial Statements are an integral part of these statements.

- F-4 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Dollars in Thousands)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, January 1, 2014 (as previously reported)	\$ 182	\$ 93,020	\$ 168,875	\$ (14,131)	\$ 247,946
Adjustment, correction of accounting error			(21,972)		(21,972)
Balance, January 1, 2014 (as restated)	182	93,020	146,903	(14,131)	225,974
Net Income			7,098		7,098
Dividends			(144)		(144)
Change in Marketable Securities, Net				(91)	(91)
Change in Derivative Instruments, Net				(432)	(432)
Change in Pension and Postretirement Benefit Plans, Net				(6,183)	(6,183)
Balance, December 31, 2014 (as restated)	182	93,020	153,857	(20,837)	226,222
Net Loss			(37,153)		(37,153)
Dividends			(49)		(49)
Change in Marketable Securities, Net				(134)	(134)
Change in Derivative Instruments, Net				(331)	(331)
Change in Pension and Postretirement Benefit Plans, Net				(8,075)	(8,075)
Balance, December 31, 2015	\$ 182	\$ 93,020	\$ 116,655	\$ (29,377)	\$ 180,480

The Notes to Consolidated Financial Statements are an integral part of these statements.

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Dollars in Thousands)

	2015	2014
Cash Flows from Operating Activities:		
Net (loss) income	\$ (37,153)	\$ 7,098
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	3,777	5,334
Gain on sale of investments	(88)	(199)
Impairment charge on intangible assets	53,684	
Gain on sale/disposal of assets	(751)	(16)
Deferred income tax	(610)	231
Changes in:		
Accounts receivable	(2,335)	(352)
Prepaid expenses and other current assets	2,917	1,903
Other assets	(6,170)	(3,237)
Accounts payable	(286)	682
Accrued liabilities	246	(2,144)
Federal and state taxes payable	(70)	57
Deferred revenue		3
Other liabilities	(1,980)	8
Net Cash Provided by Operating Activities	11,181	9,368
Cash Flows from Investing Activities:		
Proceeds from sale of investments	874	830
Purchases of investments	(692)	(646)
Proceeds from sale of property and equipment	787	31
Payments on note receivable	52	52
Purchases of property, equipment and intangible assets	(3,124)	(2,474)
Purchases of corporate-owned life insurance	(3,248)	(3,248)
Net Cash Used in Investing Activities	(5,351)	(5,455)
Cash Flows from Financing Activities:		
Payment of deferred financing costs	(245)	
Repayment of long-term debt	(6,750)	(9,525)
Dividends paid	(49)	(144)
Net Cash Used in Financing Activities	(7,044)	(9,669)

Net Decrease in Cash and Cash Equivalents	(1,214)	(5,756)
Cash and Cash Equivalents at Beginning of Year	9,671	15,427
Cash and Cash Equivalents at End of Year	\$ 8,457	\$ 9,671

The Notes to Consolidated Financial Statements are an integral part of these statements.

- F-6 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(Dollars in Thousands)

Note 1 - Summary of Significant Accounting Policies:

Principles of Consolidation and Business Activity

Greater Media, Inc. is a Delaware corporation. The consolidated financial statements include the accounts of Greater Media, Inc. and its subsidiaries (the Company) after elimination of intercompany accounts and transactions. The Company is primarily engaged in the Radio Broadcasting, Publishing and Communications businesses in the Boston, Charlotte, Detroit, New Jersey and Philadelphia markets.

The Company's operations and its ability to grow may be affected by numerous factors, including changes in audience tastes, priorities of advertisers, new laws and governmental regulations and policies, changes in broadcast technical requirements and technological advances by competitors. The Company cannot predict which, if any, of these or other factors might have a significant impact on the radio industry in the future, nor can it predict what impact, if any, the occurrence of these or other events might have on the Company's operations.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates within the consolidated financial statements include the valuation of indefinite-lived intangible assets, as discussed in the Intangible Assets accounting policy, and the provision for income taxes, as discussed in the Income Taxes accounting policy.

Long-Lived Assets

The Company periodically evaluates the net realizable values of long-lived assets, principally identifiable intangibles and property and equipment, for potential impairment when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable, as determined based on the estimated future undiscounted cash flows. If such assets were considered to be impaired, the carrying value of the related assets would be reduced to their estimated fair value.

Property and Equipment

Property and equipment are stated at cost. Depreciation for financial reporting purposes is provided on the straight-line method based on the following estimated useful lives:

Classification	Estimated Life (Years)
Land improvements	20
Buildings	15-40
Furniture, fixtures and equipment	3-15
Broadcasting and technical equipment	7-20

Expenditures for maintenance and repairs are charged to operations as incurred. Expenditures for betterments and major renewals are capitalized and, therefore, are included in property and equipment.

- F-7 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(Dollars in Thousands)

Note 1 - Summary of Significant Accounting Policies (continued):

Intangible Assets

The Company follows the provisions of the Codification Topic Intangibles Goodwill and Other, which addresses financial accounting and reporting for acquired goodwill and other intangible assets. According to these provisions, intangible assets that have indefinite lives are not amortized but rather are tested at least annually for impairment. Intangible assets that have finite useful lives continue to be amortized over their useful lives. FCC licenses and newspaper titles, which the Company believes have indefinite lives, are not amortized. Other intangible assets are amortized over useful lives ranging between three and thirteen years.

At September 30, 2015, the Company performed a qualitative assessment of its indefinite-lived intangible assets as permitted by Accounting Standards Update (ASU) 2012-02, in order to comply with the Codification requirement for testing for impairment on at least an annual basis. According to the ASU, if the qualitative assessment indicates that it is more likely than not (i.e., a greater than 50 percent probability) that an indefinite-lived intangible asset has been impaired, then a quantitative assessment must be performed. The Company reviewed statistics for sales of comparable radio stations, as reported in a publication that focuses on media asset valuations. Those statistics showed a significant number of arms-length radio station sales at lower cash flow multiples within the past year, and therefore the Company determined that there was plausible evidence suggesting that the likelihood of impairment of its FCC license assets might be greater than 50 percent.

As a result, the Company proceeded with the quantitative assessment. The methodology for the quantitative assessment was the same as that used in prior years. To determine the fair value of the FCC licenses, first an overall enterprise value was calculated for each market by applying a cash flow multiple to each radio station's operating cash flow for the preceding twelve months. For some radio stations it was deemed that the use of a revenue multiple would result in a more accurate estimate of enterprise value. The cash flow and revenue multiples were based on the same statistics as were used in the qualitative assessment described above.

The value of the FCC licenses was then determined by applying a typical industry factor to the calculated enterprise values. The results of the quantitative assessment showed impairments in the value of FCC license assets in the Charlotte, Detroit, New Jersey, and Philadelphia markets. Therefore impairment charges of \$52,203 were recognized related to these markets.

Additionally, the Company has, despite its best efforts, been unable to find a buyer for its newspaper division. As a result, the Company has concluded that its newspaper title assets have no value. Therefore an impairment charge of \$1,481 was recorded as of September 30, 2015, representing the full book value of those assets.

At September 30, 2014, the Company's qualitative assessments did not substantiate a greater than 50 percent likelihood of impairment of any indefinite-lived intangible assets, therefore no quantitative assessment was required.

Deferred Charges

Debt issuance costs incurred in connection with long-term financing are being amortized over the life of the loan and are included in other assets. At December 31, 2015 and 2014, net deferred charges amounted to \$1,354 and \$1,715, respectively.

- F-8 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(Dollars in Thousands)

Note 1 - Summary of Significant Accounting Policies (continued):

Cash Equivalents

The Company considers as cash equivalents all highly liquid debt instruments with a maturity of three months or less at the date of purchase.

Concentration of Credit Risk

The Company maintains cash balances at financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation. Management monitors the soundness of these institutions and considers the Company's risk negligible.

Income Taxes

The Company, with the exception of two C-Corporation subsidiaries, has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code, and has elected to be treated as an S-Corporation for state tax purposes in a variety of states. Under those provisions, the stockholders' respective share of the Company's taxable income or loss flows through to their individual tax returns. The Company is not required to pay federal corporate income taxes, and pays state income taxes at a reduced rate.

The Company accounts for federal and state income taxes in accordance with the Codification Topic on Income Taxes. Therefore, deferred federal and state income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities.

The primary deferred income tax items are the result of certain temporary differences as detailed in Note 8.

Receivables and Credit Policies

Accounts receivable are uncollateralized customer obligations. Normal credit terms call for payment by the 28th of the following month unless the customer's credit history indicates that a longer period is justified. Accounts receivable are stated at the amounts billed to the customer. Customer account balances with invoices over 90 days old are considered delinquent. Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's estimate of the amounts that will not be collected. The Company does not bill or accrue interest on delinquent accounts receivable.

Revenue Recognition

Revenue is recognized as advertisements are broadcast or appear in print, and are generally billed monthly. Payments received in advance of being earned are recorded as deferred revenue. Revenue arrangements often contain multiple products and services and revenues are allocated based on the relative fair value of each delivered item and recognized in accordance with the applicable revenue recognition criteria for the specific unit of accounting.

Barter transactions represent the exchange of broadcast or printed advertising for merchandise or services. These transactions are recorded at the estimated fair market value of the advertising or the fair value of the merchandise or services received, whichever is most readily determinable. Revenue is

- F-9 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(Dollars in Thousands)

Note 1 - Summary of Significant Accounting Policies (continued):

recognized on barter transactions when the advertisements are broadcast or appear in print. Expenses are recorded ratably over a period that estimates when the merchandise or service received is utilized. Barter revenues and expenses from operations are included in revenues and selling expenses, respectively.

Investments

Management determines the appropriate classification of its investments in debt and equity securities at the time of purchase and reevaluates such determination on an annual basis. The Company's investments in marketable equity securities are classified as available for sale. Securities available for sale are carried at fair value, with any unrealized holding gains and losses, net of income taxes, reported as a separate component of accumulated other comprehensive (loss) income. Marketable equity and debt securities available for sale are classified in the consolidated balance sheets as other assets. Permanent impairment is recognized in the consolidated statements of operations and comprehensive (loss) income when the impairment is determined by management, based upon a variety of factors, to be other than temporary. The adjusted cost of each specific security sold is used to compute realized gains or losses on the sale of securities available for sale.

Advertising Costs

The Company expenses the cost of advertising as incurred. Advertising costs charged to operations were approximately \$2,218 and \$2,775 in 2015 and 2014, respectively.

Comprehensive (Loss) Income

Comprehensive (loss) income includes charges and credits to equity that are not the result of transactions with stockholders. Comprehensive (loss) income is comprised of two subsets – net (loss) income and other comprehensive income (OCI). Other comprehensive (loss) income includes the unrealized gain or loss on marketable securities classified as available for sale held by the Company, unrealized gain or loss on derivative financial instruments and changes in pension and postretirement benefit plans.

Financial Instruments

The Company's financial instruments consist primarily of cash and cash equivalents, marketable securities, accounts receivable, accounts payable, debt and derivative financial instruments. The fair values of cash and cash equivalents, accounts receivable, and accounts payable approximated book values at December 31, 2015 and 2014. See Notes 4, 5, and 6 for the fair value estimates of marketable securities, debt and derivative financial instruments, respectively.

The Company utilizes derivative financial instruments for interest rate risk exposure management purposes. The Company does not hold or issue derivative financial instruments for trading purposes. The Company recognizes all derivatives as either assets or liabilities on the consolidated balance sheets and measures those instruments at fair value. Changes in fair value of those instruments are reported in operations or other comprehensive (loss) income depending on the use of the derivative and whether it qualifies for hedge accounting. The accounting for gains and losses associated with changes in the fair value of a derivative and the effect on the consolidated financial statements depends on the derivative's hedge designation and whether the hedge is anticipated to be highly effective in achieving offsetting changes in the fair value of the hedged item or cash flows of the asset hedged.

- F-10 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(Dollars in Thousands)

Note 1 - Summary of Significant Accounting Policies (continued):**Restatement of Consolidated Financial Statements**

Due to an error in the calculation of deferred income taxes related to the impairment of goodwill, the Company has determined that its consolidated balance sheet as of December 31, 2014, and consolidated statement of stockholders equity as of January 1, 2014 and December 31, 2014 should be restated. There was no impact on the consolidated statements of operations and comprehensive (loss) income or cash flows as a result of the restatement. The following table provides a summary of the impact of the correction on affected line items from the Company's consolidated balance sheet as of December 31, 2014:

	As Previously Reported	Correction of Deferred Income Taxes	As Restated
Deferred income tax (asset)	\$ 200	\$ (200)	\$
Total assets	\$ 378,788	\$ (200)	\$ 378,588
Deferred income tax (liability)	\$	\$ 21,772	\$ 21,772
Retained earnings	\$ 175,829	\$ (21,972)	\$ 153,857
Total stockholders' equity	\$ 248,194	\$ (21,972)	\$ 226,222
Total liabilities and stockholders' equity	\$ 378,788	\$ (200)	\$ 378,588

Note 2 - Property and Equipment:

The major classifications of property and equipment at December 31 consist of the following:

	2015	2014
Land and land improvements	\$ 6,176	\$ 5,889
Buildings	24,189	23,591
Furniture, fixtures and equipment	33,445	35,854

Edgar Filing: BEASLEY BROADCAST GROUP INC - Form DEFM14C

Broadcasting and technical equipment	44,520	43,915
Construction in progress	3,326	3,333
	111,656	112,582
Accumulated depreciation	84,601	84,435
Property and Equipment, Net	\$ 27,055	\$ 28,147

Depreciation expense included as a charge to other income and expense amounted to \$3,478 and \$3,667 for 2015 and 2014, respectively.

- F-11 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(Dollars in Thousands)

Note 3 - Intangible Assets:

Intangible assets at December 31 are summarized as follows:

	Amortization Period (Years)	2015	2014
<u>Subject to amortization:</u>			
Gross cost			
Acquired customer base	7	\$ 9,515	\$ 9,515
Computer software	3-7	3,459	3,360
		12,974	12,875
Accumulated amortization			
Acquired customer base		9,515	9,402
Computer software		2,724	3,141
		12,239	12,543
Net book value:			
Acquired customer base			113
Computer software		735	219
		735	332
<u>Not subject to amortization:</u>			
		2015	2014
FCC licenses		224,560	276,763
Newspaper titles			1,481
Other		10	10
		224,570	278,254
Intangible Assets, Net		\$ 225,305	\$ 278,586

Aggregate amortization expense on the above intangible assets, included as a charge to other income and expense, amounted to \$299 and \$1,667 for 2015 and 2014, respectively. Estimated future amortization expense is as follows:

2016	\$ 293
2017	250
2018	192
2019	
2020	

Note 4 - Investments:

The cost and fair market value of marketable securities were \$2,916 and \$3,779 at December 31, 2015, and \$3,011 and \$4,009 at December 31, 2014, respectively. Marketable securities are classified as available for sale, and are included in other assets.

Gross unrealized holding gains and losses amounted to \$864 and \$0 at December 31, 2015 and \$998 and \$0 at December 31, 2014, respectively.

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(Dollars in Thousands)

Note 4 - Investments (continued):

Proceeds from sales of marketable securities were \$874 and \$830 in 2015 and 2014, respectively, and the Company realized gains totaling \$88 and \$199 in 2015 and 2014, respectively, which are included in other income, net on the consolidated statements of operations and comprehensive (loss) income.

Note 5 - Long-Term Debt:

Long-term debt at December 31 consisted of the following:

	2015	2014
Note payable bank, term loan facility dated February 26, 2013, collateralized by the stock and assets of the Company and its subsidiaries	\$ 72,338	\$ 79,088
Note payable bank, revolving credit facility dated February 26, 2013, collateralized by the stock and assets of the Company and its subsidiaries	15,000	15,000
Total long-term debt	87,338	94,088
Current maturities of long-term debt	7,425	6,750
Long-term debt, net of current maturities	\$ 79,913	\$ 87,338

On February 26, 2013 the Company entered into an agreement with a bank, acting as agent for a group of banks, to borrow up to \$160,000 in the form of a term loan of \$90,000 and a revolving credit facility of \$70,000. The interest on these borrowings is a function of the Company's total debt outstanding and earnings before income taxes, depreciation and amortization (EBITDA), and was 3.8 percent over the bank's LIBO rate of 0.6 percent as of December 31, 2015. The Company must pay a commitment fee on the unused balance of the available commitment. This fee is also a function of the Company's total debt and EBITDA, and is currently at 0.4 percent.

The term loan facility provides for quarterly principal repayments beginning June 30, 2013. The quarterly principal amount to be repaid starts at 1.6 percent of the initial term loan amount, increasing to 1.9 percent effective June 30, 2014, 2.1 percent effective June 30, 2016, and 2.5 percent effective June 30, 2017. The remaining principal amount is due on the maturity date of February 26, 2018. The revolving credit facility also matures on that same date.

The loan agreement requires the Company to maintain compliance with certain financial covenants as defined in the agreement. In addition, certain restrictions have been imposed limiting the incurrence of debt, liens, investments, guaranty obligations, dividends, changes in lines of business, consolidations and mergers, sales of assets, acquisitions,

and interaffiliate transactions.

The agreement also requires, within the first 90 days, that the Company enter into an interest hedging contract, such as an interest rate swap, with a notional amount of at least 50% of the outstanding term loan balance, and with a term of at least three years. In May 2013, the Company entered into two interest rate swap derivative instruments with a total notional amount of \$80,000. One of the instruments, with a notional amount of \$45,000, carries a fixed interest rate of 1.0% and a term beginning June 28, 2013 and expiring December 29, 2017. The other instrument, with a notional amount of \$35,000, carries a fixed interest rate of 1.2% and a term beginning June 30, 2014 and expiring December 29, 2017. By entering into these instruments, the Company meets the hedging requirements contained in its debt agreement.

- F-13 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(Dollars in Thousands)

Note 5 - Long-Term Debt (continued):

In March 2015, the Company entered into an amendment agreement (the Amendment) with its lending banks to modify certain aspects of its debt agreement. The Amendment makes certain changes to financial covenants, and also reduces the total revolving loan commitment to \$50,000.

Aggregate maturities of long-term debt of the Company due within the next five years are as follows:

2016	\$ 7,425
2017	8,663
2018	71,250
2019	
2020	

Borrowings under the Company's debt agreements have variable rates that reflect currently available terms and conditions for similar debt, therefore the carrying amount of this debt is considered by management to be a reasonable estimate of its fair value.

Note 6 - Derivatives:

The Company follows the provisions of the Codification Topic on Derivatives and Hedging. Accordingly, the Company is required to recognize its derivative instruments as either assets or liabilities in the consolidated balance sheets at fair value. The method of accounting for changes in the fair value (periodic unrealized gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, further, on the type of hedging relationship and the effectiveness of the arrangement. See Note 7 for fair value disclosures related to derivatives.

Interest Rate Swaps

The Company has entered into interest rate swap derivative instruments with two banks for interest rate risk exposure-management purposes. The interest rate swaps utilized by the Company convert a portion of its variable rate debt to a fixed rate basis, thus reducing the impact of interest rate changes on future interest expense.

The effectiveness of the interest rate swaps is determined using a calculation which measures the cash flow impact of the expected future changes in the variable interest rate under the swap agreement (i.e., LIBOR) and the expected future changes in the variable interest rate of the related notes. The expected cash flow amounts determined in this calculation are discounted to present value and the difference between the amount calculated for the variable payment

under the swap agreement and the variable payments under the notes represents the ineffectiveness of the derivative instrument.

The Company has designated the interest rate swap agreements as cash flow hedge transactions and, accordingly, the effective portion of the gain or loss on the agreement is recognized as a gain or loss on derivative instrument and reported as a component of other comprehensive income (loss). Any remaining gain or loss on the derivative instruments in excess of the cumulative change in the present value of future cash flows of the hedged item, which represents the ineffective portion of the derivative instruments, is reported as income or expense.

At December 31, 2015, the Company expects to reclassify during the next twelve months \$371 of net losses on the derivative instruments from accumulated other comprehensive loss to interest expense due to the payment of fixed rate interest associated with the interest rate swap agreements.

- F-14 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(Dollars in Thousands)

Note 6 - Derivatives (continued):

The change in the derivative contracts consisted of the following:

	2015	2014
Unrealized loss in fair value of interest rate swap contracts arising during the year	\$ (992)	\$ (955)
Current effect of variability of the cash flows on interest rate swap contracts transferred into interest expense	655	515
Deferred income tax effect on changes in interest rate swap derivative contracts	6	8
Change in Derivative Contracts	\$ (331)	\$ (432)

The fair value of the Company's interest rate swap derivative contracts is determined utilizing forward interest rate estimates and present value techniques. Those fair values are as follows as of December 31:

	2015		2014	
	Consolidated	Fair Value	Consolidated	Fair Value
	Balance Sheet Location		Balance Sheet Location	
Liability derivatives designated as hedging instruments:				
Interest rate swap derivative contracts	Other assets	\$ 84	Other assets	\$ 420

Disclosures regarding the Company's cash flow hedging relationships are as follows for the years ended December 31:

Derivatives in Cash Flow Hedging Relationships	Amount of Loss Recognized in OCI on Derivatives (Effective Portion)	
	2015	2014
	Interest rate swap derivative contracts	\$ (986)

Derivatives in Cash Flow Hedging Relationships	Location of Gain (Loss) Reclassified from Accumulated OCI into Operations (Effective Portion)	Amount of Loss Reclassified from Accumulated OCI into Operations (Effective Portion)	
		2015	2014
Interest rate swap derivative contracts	Interest expense	\$ (655)	\$ (515)

Note 7 - Fair Value Measurements:

The following fair value disclosures are provided pursuant to the requirements of the Codification Topic on Fair Value Measurements and Disclosures. For applicable assets and liabilities subject to these requirements, the Company will value such assets and liabilities using quoted market prices in active markets for identical assets and liabilities to the extent possible. To the extent that such market prices are not available, the Company will next attempt to value such assets and liabilities using observable measurement criteria, including quoted market prices of similar assets and liabilities in active and inactive markets and other corroborated factors. In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Company will develop measurement criteria based on the best information available.

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(Dollars in Thousands)

Note 7 - Fair Value Measurements (continued):**Recurring Fair Value Measurements**

The following table summarizes assets which have been accounted for at fair value on a recurring basis, along with the basis for the determination of fair value:

	Total	Quoted Prices in Active Markets	Basis for Valuation	
			Observable Measurement Criteria	Unobservable Measurement Criteria
As of December 31, 2015:				
Assets:				
Available-for-sale securities	\$ 3,779	\$ 3,779	\$	\$
Derivatives	84		84	
Total Assets	\$ 3,863	\$ 3,779	\$ 84	\$
As of December 31, 2014:				
Assets:				
Available-for-sale securities	\$ 4,009	\$ 4,009	\$	\$
Derivatives	420		420	
Total Assets	\$ 4,429	\$ 4,009	\$ 420	\$

Note 8 - Income Taxes:

The Company and its subsidiaries file a consolidated federal income tax return.

Significant components of the provision for (benefit from) income taxes for the years ended December 31 are as follows:

Edgar Filing: BEASLEY BROADCAST GROUP INC - Form DEFM14C

	2015	2014
Current:		
Federal	\$ 95	\$ 91
State	319	384
Total Current	414	475
Deferred:		
Federal		
State	(610)	231
Total Deferred	(610)	231
Total (Benefit from) Provision for Income Taxes	\$ (196)	\$ 706

- F-16 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(Dollars in Thousands)

Note 8 - Income Taxes (continued):

Deferred income taxes are summarized as follows at December 31:

	2015	2014 (as restated)
Deferred income tax assets:		
Impairment charge on goodwill	\$ 1,030	\$ 1,030
Pension	412	342
Deferred compensation	68	104
Other	176	169
Total deferred income tax assets	1,686	1,645
Valuation allowance		
Net deferred income tax assets	1,686	1,645
Deferred income tax liabilities:		
Acquired basis of FCC license asset	20,049	20,049
Depreciation	1,716	1,720
Amortization	90	802
Deferred gain on like-kind exchange	838	838
Interest rate swaps	1	8
Total deferred income tax liabilities	22,694	23,417
Net Deferred Income Tax Liability	\$ 21,008	\$ 21,772

At December 31, 2015, the Company had Massachusetts, New Jersey and Philadelphia net operating loss (NOL) carryforwards of approximately \$9,444, which may be used to reduce future taxable income in those jurisdictions. The NOL carryforwards will expire through 2034.

The Company adopted the provisions of the Codification Topic on Income Taxes which clarify the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. These provisions prescribe a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. They also provide guidance on de-recognition, classification, interest and

penalties, accounting in interim periods, disclosure and transition.

Based on the Company's evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in the consolidated financial statements or adjustments to deferred tax assets or liabilities.

The Company may from time to time be assessed interest or penalties by major tax jurisdictions, although any such assessments historically have been minimal and immaterial to its consolidated financial results. The Company's policy is to classify assessed interest as interest expense and assessed penalties as other expense in the consolidated financial statements.

- F-17 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(Dollars in Thousands)

Note 9 - Common Stock:

Common stock consisted of the following at December 31:

	2015	2014
Common stock, \$.000001 par, \$.09375 stated value, voting:		
Authorized 100,000 shares		
Issued and outstanding 80,000 shares	\$ 8	\$ 8
Common stock, \$.000001 par, \$.093697 stated value, non-voting:		
Authorized 5,000,000 shares		
Issued and outstanding 1,861,142.91 shares	174	174
	\$ 182	\$ 182

Note 10 - Accumulated Other Comprehensive Income (Loss):

The after-tax components of accumulated other comprehensive income (loss) are as follows:

	Marketable Securities Unrealized Holding Gains/ (Losses)	Derivative Contracts	Pension and Postretirement Benefit Plans	Total Accumulated Other Comprehensive Income (Loss)
Balance at January 1, 2014	\$ 1,089	\$ 845	\$ (16,065)	\$ (14,131)
Change during year	(91)	(432)	(6,183)	(6,706)
Balance at December 31, 2014	998	413	(22,248)	(20,837)
Change during year	(134)	(331)	(8,075)	(8,540)
Balance at December 31, 2015	\$ 864	\$ 82	\$ (30,323)	\$ (29,377)

Note 11 - Employee Benefit Plans:

The Company has non-contributory defined benefit pension plans covering substantially all of its employees. Effective December 31, 2008, benefits that were accruing under the qualified plan were frozen. Effective January 2, 2009, benefits that were accruing under the non-qualified plan were frozen. The Company's funding policy is to make annual contributions to the qualified plan in amounts that are required under the provisions of ERISA, such that all employees' benefits will be fully provided by the time they retire. The Company follows the alternative disclosures for a non-public company as stated in the Codification Topic Compensation - Retirement Benefits. The Company's defined benefit pension plans use a December 31 measurement date.

- F-18 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(Dollars in Thousands)

Note 11 - Employee Benefit Plans (continued):

The following table sets forth the funded status of the plans and amounts recognized in the Company's consolidated balance sheets at December 31:

Actuarial present value of benefit obligations:

	2015	2014
Projected benefit obligation, including accumulated benefits of \$89,513 in 2015 and \$85,942 in 2014	\$ 89,513	\$ 85,942
Plan assets at fair value (primarily listed stocks, bonds and U.S. government securities)	74,906	75,198
Funded status	\$ (14,607)	\$ (10,744)
Accrued pension cost included in other long-term liabilities	\$	\$
Prepaid pension cost included in other assets	\$ 16,270	\$ 11,910
Additional liability included in other long-term liabilities	\$ (30,877)	\$ (22,654)

Assumptions:

	2015	2014
Weighted average assumptions used to determine benefit obligations at December 31:		
Discount rate	4.15%	3.80%
Rate of increase in compensation levels	n/a	n/a
Expected rate of return on assets	7.00%	7.00%
Weighted average assumptions used to determine net periodic benefit cost for years ended December 31:		
Discount rate	3.80%	4.75%
Rate of increase in compensation levels	n/a	n/a
Expected rate of return on assets	7.00%	7.00%

In developing its expected rate of return on assets assumption, the Company evaluated input from its third party pension plan asset managers, including their review of asset class return expectations and long-term inflation assumptions. Mortality assumptions at December 31, 2015 are based on the RP-2014 Mortality Table using the MP-2014 and MP-2015 Mortality Improvement Scales. Mortality assumptions at December 31, 2014 are based on the IRS 2015 Static Mortality Table.

Plan Assets:

The Company's defined benefit pension plan has implemented a liability driven investment strategy (LDI) in light of the plan's improving funding status. The goal of such a strategy is to reduce the plan's overall risk by investing plan assets in a manner which over time will reduce interest rate and market risks while achieving returns which will allow the plan to satisfy projected plan liabilities as they come due. With LDI, plan asset target allocations are periodically adjusted as the plan moves down the funding status glide path, so that assets are invested more conservatively as funding status increases. Current target allocations are approximately 35 percent return-enhancing assets (such as U.S. and non-U.S. equities, U.S. high yield fixed income securities, and emerging market fixed income securities), and 65 percent risk management assets (primarily long duration U.S. fixed income securities).

- F-19 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(Dollars in Thousands)

Note 11 - Employee Benefit Plans (continued):

The fair values of the Company's pension plan assets by asset category are as follows:

	Total	Basis for Valuation (see Note 7)		
		Quoted Prices in Active Markets	Observable Measurement Criteria	Unobservable Measurement Criteria
As of December 31, 2015:				
Equity mutual funds (a)	\$ 20,964	\$ 20,964	\$	\$
Fixed income mutual funds (b)	53,942	53,942		
Total	\$ 74,906	\$ 74,906	\$	\$
As of December 31, 2014:				
Equity mutual funds (a)	\$ 27,664	\$ 27,664	\$	\$
Fixed income mutual funds (b)	47,534	47,534		
Total	\$ 75,198	\$ 75,198	\$	\$

(a) This category comprises actively managed equity funds including funds that invest in equity securities of U.S. and international companies.

(b) This category comprises actively managed fixed income funds which invest in a variety of U.S. and international debt securities.

Contributions:

The Company anticipates making contributions to the plans totaling \$4,338 in 2016.

Estimated future benefit payments:

2016	\$ 3,014
2017	3,332

2018	3,584
2019	3,895
2020	4,081
2021-2025	23,414

Other information:

	2015	2014
Components of accumulated other comprehensive income (loss) (before tax effects) consist of the following:		
Net actuarial loss	\$ 30,877	\$ 22,654
Prior service cost (credit)		
Unrecognized net initial (asset) obligation		
Total	\$ 30,877	\$ 22,654

- F-20 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(Dollars in Thousands)

Note 11 - Employee Benefit Plans (continued):

	2015	2014
Amounts included in accumulated other comprehensive income (loss) that will be included in pension costs in the future consist of the following:		
Loss recognition	\$ 3,047	\$ 1,919
Interest cost		
Expected return on plan assets		
Net periodic pension cost	\$ 3,047	\$ 1,919
Other information related to the plan is as follows:		
Net periodic benefit cost	\$ (186)	\$ (40)
Employer contribution	\$ 4,174	\$ 4,162
Plan participants' contributions	\$	\$
Benefits paid	\$ 2,255	\$ 2,030
Pension liability adjustment (before tax effect) included in other comprehensive income (loss)	\$ (8,223)	\$ (6,295)

The Company also provides an employees' savings plan for certain employees. Participants may contribute from 1% to 60% of their compensation. The Company makes a matching contribution equal to the participant's contribution, limited to the lesser of 6% of the participant's compensation or one thousand five hundred dollars per year. The Company contributed \$649 and \$682 in 2015 and 2014, respectively. Participants are fully vested at all times in their contributions.

In addition to providing pension benefits, the Company sponsors a retiree health plan that provides post-retirement medical benefits to full-time non-union employees who have worked at least 15 years and attained age 55 while in service with the Company. Effective June 30, 2001, the plan was closed to new retirees. The plan, which is unfunded, is contributory, with retiree contributions adjusted annually, and contains other cost-sharing features such as deductibles and coinsurance. The Company's contribution rates for future years have been fixed at the rates in effect on January 1, 2001. The Company's retiree health plan uses a December 31 measurement date.

The following table sets forth the funded status of the plan and amounts recognized in the Company's consolidated balance sheets at December 31:

2015 2014

Accumulated post-retirement benefit obligation	\$ 1,752	\$ 1,851
Plan assets		
Funded status	\$(1,752)	\$(1,851)
Accrued post-retirement benefit cost included in other long-term liabilities	\$ 1,313	\$ 1,291

Estimated future benefit payments:

2016	\$ 114
2017	111
2018	108
2019	105
2020	102
2021-2025	481

- F-21 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(Dollars in Thousands)

Note 11 - Employee Benefit Plans (continued):Other information:

	2015	2014
Components of accumulated other comprehensive income (loss) (before tax effects) consist of the following:		
Net actuarial loss	\$ 410	\$ 543
Prior service credit	29	17
Unrecognized net initial (asset) obligation		
Total	\$ 439	\$ 560

Amounts included in accumulated other comprehensive income (loss) that will be included in postretirement costs in the future consist of the following:

Loss recognition	\$ 20	\$ 29
Interest cost	12	(13)
Expected return on plan assets		
Net periodic postretirement cost	\$ 36	\$ 16

Other information related to the plan is as follows:

	2015	2014
Net periodic benefit cost	\$ 133	\$ 97
Employer contributions	\$ 112	\$ 117
Plan participant contributions	\$ 15	\$ 14
Benefits paid	\$ 127	\$ 132

The Company anticipates making contributions to the plan totaling \$114 in 2016.

The discount rate used in determining the accumulated postretirement benefit obligation was 4.15 percent and 3.80 percent at December 31, 2015 and 2014, respectively. The discount rate used in determining net periodic benefit cost was 3.80 percent and 4.75 percent for 2015 and 2014, respectively. Mortality assumptions at December 31, 2015 are

based on the RP-2014 Mortality Table using the MP-2014 and MP-2015 Mortality Improvement Scales. Mortality assumptions at December 31, 2014 are based on the IRS 2015 Static Mortality Table.

In addition, included in other long-term liabilities at December 31, 2015 and 2014 was approximately \$3,770 and \$5,795, respectively, representing deferred compensation arrangements associated with certain key employees. The costs have been accrued according to the terms of the Company's deferred compensation plans.

Note 12 - Commitments and Contingencies:

There are various legal actions and other claims pending against the Company incidental to its business and operations. In the opinion of management, the resolution of these matters will not have a material effect on the consolidated financial position or results of operations.

- F-22 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(Dollars in Thousands)

Note 12 - Commitments and Contingencies (continued):

The Company and its subsidiaries lease office space, towers, real estate related to tower sites, office equipment and transmitting equipment. The most significant obligations assumed under the lease terms are the upkeep of the facilities, insurance and property taxes. Total rent expense for the Company was \$6,292 for 2015 and \$6,084 for 2014.

The Company also has various non-cancellable commitments under operating leases, on-air talent contracts and other contracts with aggregate minimum annual commitments as of December 31, 2015 as follows:

	Operating Leases	On-Air Talent	Other Contracts	Total
2016	\$ 5,269	\$ 5,424	\$ 8,951	\$ 19,644
2017	5,008	5,430	9,192	19,630
2018	4,123	4,926	550	9,599
2019	2,911	3,488		6,399
2020	2,799			2,799
2021 and subsequent	4,863			4,863
Total	\$ 24,973	\$ 19,268	\$ 18,693	\$ 62,934

Note 13 - Supplemental Disclosure of Cash Flow Information:

	2015	2014
<u>Cash paid during the year for:</u>		
Interest	\$ 4,607	\$ 5,053
Income taxes (net of refunds)	\$ 536	\$ 413

Note 14 - Subsequent Events:

The Company has evaluated subsequent events occurring after the consolidated balance sheet date through the date of March 30, 2016, the date the consolidated financial statements were available for release. Based upon this evaluation, the Company has determined that no subsequent events occurred which require adjustment to or disclosure in the consolidated financial statements, except as noted at Note 15.

Note 15 - Event Subsequent to the Date of the Independent Auditors Report (Unaudited):

On July 19, 2016, the Company entered into an Agreement and Plan of Merger with Beasley Broadcast Group, Inc. (Beasley), Beasley Media Group 2, Inc., an indirect wholly-owned subsidiary of Beasley (Merger Sub), and Peter A. Bordes, Jr., as the Stockholders Representative (the Merger Agreement) pursuant to which, subject to the satisfaction or waiver of the conditions set forth therein, Merger Sub will be merged with and into the Company, with the Company surviving the merger as an indirect wholly-owned subsidiary of Beasley (the Merger).

Pursuant to the terms of the Merger Agreement, Beasley agreed to acquire all of the Company s issued and outstanding equity stock for an aggregate purchase price of \$239,875, inclusive of the refinancing of approximately \$80,000 of the Company s outstanding debt and the payment of certain transaction expenses. The proceeds to be paid to the Company s stockholders are expected to consist of (i) approximately \$100,000 in cash and (ii) approximately \$25,000 in shares of Beasley s Class A common

- F-23 -

Table of Contents

GREATER MEDIA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(Dollars in Thousands)

Note 15 - Event Subsequent to the Date of the Independent Auditors Report (Unaudited) (continued):

stock, which is equal to 5,422,993 shares at a fixed value of \$4.61 per share (the Merger Shares). The Merger consideration is subject to adjustment for changes in the Company s working capital, outstanding debt of the Company and its subsidiaries as of the date of the closing, and certain other payments and expenses. Additional Merger Shares may be issued in connection with such adjustment. In addition, the Company s stockholders will receive the net cash proceeds from the sale of the Company s tower assets, estimated to be approximately \$20,000.

Consummation of the Merger is subject to customary closing conditions, including (i) approval from the Federal Communications Commission, (ii) absence of any order or injunction prohibiting the consummation of the Merger, (iii) subject to customary materiality qualifiers, the accuracy of the representations and warranties of Beasley and Merger Sub contained in the Merger Agreement and compliance by Beasley with its covenants contained in the Merger Agreement, (iv) the Merger Shares having been approved for listing on the Nasdaq Global Select Market, and (v) Beasley having delivered executed counterparts to certain ancillary agreements. Beasley has obtained a debt financing commitment to fund the transactions contemplated by the Merger Agreement, the aggregate proceeds of which, together with cash and cash equivalents available to Beasley and issuance of the Merger Shares, will be sufficient for Beasley to pay the aggregate Merger Consideration and all related fees and expenses.

The Merger Agreement contains certain customary termination rights for both the Company and Beasley. The Merger Agreement also provides that Beasley shall pay the Company a termination fee of \$6,390 if the Company terminates the Merger Agreement because all conditions to closing have been satisfied and Beasley has not consummated the Merger due to the failure of the financing to be available, provided that the Company is not also able to terminate the Merger Agreement due to Beasley s breach. It further provides that Beasley shall pay the Company a termination fee of \$12,780 if (i) the Company terminates the Merger Agreement due to a breach of a representation or covenant by Beasley such that the applicable condition to closing is not satisfied, or (ii) the Company terminates the Merger Agreement because Beasley has failed to consummate the Merger when required by the Merger Agreement, in circumstances where the financing was available.

The Merger Agreement contemplates that the parties or their affiliates will enter into the following additional agreements at Closing: (i) an Investor Rights Agreement and (ii) a Registration Rights Agreement. The Investor Rights Agreement would provide the former stockholders of the Company receiving Merger Shares (the Greater Media Stockholders) with tag-along rights to participate in certain sales of equity securities by Beasley and its affiliates and also would provide the Greater Media Stockholders with the right to nominate one director for election to Beasley s Board, so long as the Greater Media Stockholders collectively hold at least 75% of the Merger Shares issued to them at the closing of the Merger. The Registration Rights Agreement would require Beasley to prepare and file with the Securities and Exchange Commission, not later than 20 days after the consummation of the Merger, a registration statement with respect to the resale of the Merger Shares by the Greater Media Stockholders, among other things.

Table of Contents

Annex A

PRIVILEGED & CONFIDENTIAL

EXECUTION VERSION

AGREEMENT AND PLAN OF MERGER

by and among

GREATER MEDIA, INC.

BEASLEY BROADCAST GROUP, INC.

BEASLEY MEDIA GROUP 2, INC.

and

PETER A. BORDES, JR.,

as the Stockholders Representative

Dated as of: July 19, 2016

Table of Contents**Table of Contents**

	Page
ARTICLE 1	
Merger	
Section 1.1	A-1
Section 1.2	A-1
Section 1.3	A-2
Section 1.4	A-2
Section 1.5	A-2
Section 1.6	A-2
Section 1.7	A-2
Section 1.8	A-2
Section 1.9	A-6
ARTICLE 2	
Representations and Warranties of the Company	
Section 2.1	A-6
Section 2.2	A-6
Section 2.3	A-7
Section 2.4	A-7
Section 2.5	A-8
Section 2.6	A-9
Section 2.7	A-9
Section 2.8	A-10
Section 2.9	A-10
Section 2.10	A-10
Section 2.11	A-12
Section 2.12	A-13
Section 2.13	A-15
Section 2.14	A-15
Section 2.15	A-16
Section 2.16	A-17
Section 2.17	A-17
Section 2.18	A-19
Section 2.19	A-20
Section 2.20	A-20
Section 2.21	A-20
Section 2.22	A-21
Section 2.23	A-21
Section 2.24	A-21
ARTICLE 3	
Representations and Warranties of the Buyer Parties	

Section 3.1	Corporate Status	A-22
Section 3.2	Corporate and Governmental Authorization	A-22
Section 3.3	Non-Contravention	A-23
Section 3.4	Financing	A-24
Section 3.5	Solvency	A-25

A-i

Table of Contents

Table of Contents

(continued)

	Page	
Section 3.6	Litigation	A-25
Section 3.7	FCC Licenses	A-25
Section 3.8	Buyer SEC Documents; Undisclosed Liabilities; Financial Statements, etc.	A-26
Section 3.9	Capitalization; Stock Consideration	A-27
Section 3.10	Absence of Certain Changes	A-28
Section 3.11	Compliance with Laws; Licenses and Permits	A-28
Section 3.12	Employees, Labor Matters, etc.	A-28
Section 3.13	Employee Benefit Plans and Related Matters; ERISA	A-29
Section 3.14	Tax Matters	A-29
Section 3.15	Finders Fees	A-29
Section 3.16	No Additional Representations; Inspection	A-29

ARTICLE 4

Certain Covenants

Section 4.1	Conduct of the Business	A-30
Section 4.2	Access to Information; Confidentiality; Books and Records	A-33
Section 4.3	Efforts to Close	A-34
Section 4.4	Governmental Approvals; Third Party Consents	A-34
Section 4.5	Exclusive Dealing	A-36
Section 4.6	Employees and Employee Benefits	A-36
Section 4.7	Director and Officer Liability, Indemnification and Insurance	A-37
Section 4.8	Financing	A-38
Section 4.9	Notice of Certain Events	A-40
Section 4.10	Control of Company Stations	A-40
Section 4.11	Public Announcements	A-40
Section 4.12	Further Assurances	A-41
Section 4.13	Post-Signing Restructuring Actions	A-41
Section 4.14	Information Statement	A-41
Section 4.15	NASDAQ Listing	A-42
Section 4.16	Resignation of Directors	A-42
Section 4.17	Payoff Letters	A-42
Section 4.18	Title Insurance, Surveys and Lien Search	A-42
Section 4.19	Expense Reductions	A-43
Section 4.20	Updated Financial Information	A-43
Section 4.21	Social Media	A-44
Section 4.22	Representation and Warranty Insurance	A-44

ARTICLE 5

Tax Matters

Section 5.1	Transfer Taxes	A-44
-------------	----------------	------

Section 5.2	Books and Records; Cooperation	A-45
Section 5.3	Tax Matters	A-45
Section 5.4	Actions on the Closing Date	A-45

Table of ContentsTable of Contents

(continued)

	Page
ARTICLE 6	
Conditions Precedent	
Section 6.1	A-46
Section 6.2	A-46
Section 6.3	A-47
ARTICLE 7	
Termination	
Section 7.1	A-47
Section 7.2	A-49
Section 7.3	A-49
ARTICLE 8	
Miscellaneous	
Section 8.1	A-50
Section 8.2	A-51
Section 8.3	A-52
Section 8.4	A-52
Section 8.5	A-52
Section 8.6	A-53
Section 8.7	A-53
Section 8.8	A-54
Section 8.9	A-54
Section 8.10	A-54
Section 8.11	A-55
Section 8.12	A-55
ARTICLE 9	
Definitions	
Section 9.1	A-57
Section 9.2	A-69
Exhibit A:	Form of Certificate of Incorporation of the Surviving Corporation
Exhibit B:	Form of By-Laws of the Surviving Corporation
Exhibit C:	[Intentionally Omitted]
Exhibit D:	Term Sheet for Investor Rights Agreement
Exhibit E:	Accounting Principles
Exhibit F:	Term Sheet for Registration Rights Agreement
Exhibit G:	Form of Sophisticated Investor Letter

A-iii

Table of Contents

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this Agreement) is entered into as of the 19th day of July, 2016, by and among GREATER MEDIA, INC., a Delaware corporation (the Company), BEASLEY BROADCAST GROUP, INC., a Delaware corporation (Buyer), Beasley Media Group 2, Inc., a Delaware corporation and indirect wholly-owned subsidiary of Buyer (MergerCo and, together with Buyer, Buyer Parties), and Peter A. Bordes Jr., as the Stockholders Representative. Capitalized terms used herein shall have the meanings assigned to such terms in the text of this Agreement or in Section 9.1.

RECITALS

WHEREAS, Buyer indirectly owns all of the outstanding shares of MergerCo;

WHEREAS, the respective boards of directors of Buyer, MergerCo and the Company have determined that the transactions contemplated by this Agreement, including the Merger (as defined below), are advisable and in the best interest of their respective stockholders;

WHEREAS, the respective boards of directors of Buyer, MergerCo and the Company have approved and declared advisable the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein, including the Merger;

WHEREAS, the board of directors of the Company has recommended that the Stockholders (as defined below) adopt this Agreement;

WHEREAS, within 24 hours after the execution and delivery of this Agreement, the Company will obtain and deliver to Buyer true, correct and complete copies of Stockholder Written Consents (as defined below) evidencing the Stockholder Approval (as defined below); and

WHEREAS, within 24 hours after the execution and delivery of this Agreement, Buyer will obtain and deliver to the Company true, correct and complete copies of Buyer Stockholder Written Consents (as defined below) evidencing the Buyer Stockholder Approval (as defined below);

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein, subject to and on the terms and conditions herein set forth, and intending to be bound hereby, the parties agree as follows:

ARTICLE 1

Merger

Section 1.1 The Merger. Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with the DGCL, MergerCo shall be merged with and into the Company (the Merger) at the Effective Time. Following the Effective Time, the separate corporate existence of MergerCo shall cease and the Company shall continue as the surviving corporation of the Merger (the Surviving Corporation) and shall succeed to and assume all the rights and obligations of MergerCo in accordance with the DGCL.

Section 1.2 Closing. Upon the terms and subject to the conditions set forth in this Agreement, the closing of the Merger (the Closing) shall take place at the offices of Latham & Watkins LLP, 885 Third Avenue, Suite 1000, New York, New York 10022, at 10:00 a.m., local time, on the date that is three Business Days after the conditions set forth

in Article 6 have been satisfied or waived (other than those conditions that by their terms are

A-1

Table of Contents

to be satisfied at the Closing, but subject to the satisfaction or waiver of those conditions at such time), unless another time, date or place is mutually agreed to in writing by the parties. The date on which the Closing actually occurs is referred to hereinafter as the Closing Date.

Section 1.3 Effective Time; Effects of the Merger.

(a) Subject to the terms and conditions set forth in this Agreement, immediately following the Closing, the parties hereto shall cause a certificate of merger (the Certificate of Merger) to be executed and filed with the Secretary of State of the State of Delaware in such form as required by, and in accordance with applicable provisions of, the DGCL. The Merger shall become effective at the time that the Certificate of Merger is accepted for filing by the Secretary of State of the State of Delaware or at such later date and time as specified in the Certificate of Merger (the time the Merger becomes effective being referred to herein as the Effective Time).

(b) The Merger shall have the effects set forth in this Agreement and Section 251 of the DGCL.

Section 1.4 Certificate of Incorporation and By-Laws. At the Effective Time, (i) the certificate of incorporation of the Surviving Corporation shall be amended and restated in its entirety to read as set forth in Exhibit A, and as so amended and restated, will be the certificate of incorporation of the Surviving Corporation and (ii) the by-laws of the Surviving Corporation shall be amended and restated in their entirety to read as set forth in Exhibit B and, as so amended and restated, will be the by-laws of the Surviving Corporation, in the case of each of clauses (i) and (ii), until thereafter amended in accordance with applicable Law and the applicable provisions of the certificate of incorporation and by-laws of the Surviving Corporation.

Section 1.5 Directors and Officers. The directors of MergerCo immediately prior to the Effective Time shall be the initial directors of the Surviving Corporation and the officers of MergerCo immediately prior to the Effective Time shall be the initial officers of the Surviving Corporation, each to hold office in accordance with the certificate of incorporation and by-laws of the Surviving Corporation.

Section 1.6 Effect on Capital Stock.

(a) Conversion of MergerCo Shares. Upon the terms and subject to the conditions of this Agreement, at the Effective Time, by virtue of the Merger and without any action on the part of any party hereto or the holder thereof, each share of capital stock of MergerCo issued and outstanding immediately prior to the Effective Time shall be automatically converted into one fully paid and nonassessable share of the common stock of the Surviving Corporation and thereupon each certificate representing ownership of such shares of common stock of MergerCo shall thereafter represent ownership of shares of common stock of the Surviving Corporation.

(b) Conversion of Company Shares. At the Effective Time, upon the terms and subject to the conditions of this Agreement, including Section 1.8, each share of Company Stock issued and outstanding as of immediately prior to the Effective Time shall automatically, by virtue of the Merger and without any action on the part of Buyer, MergerCo, the Company or the holder of such Company Stock, be canceled and extinguished and be converted into and shall become the right to receive consideration with a value equal to its Pro Rata Portion of the Closing Merger Consideration, in the form set forth in the Closing Statement, plus any amounts or other consideration, if any, to be distributed to Stockholders pursuant to Section 1.7(e) and Section 8.12(b).

Section 1.7 Purchase Price.

(a) At least three (and no more than 10) Business Days prior to the Closing Date, the Company shall deliver to Buyer a certificate, executed on its behalf by the Chief Financial Officer of the Company, prepared in good faith setting forth in reasonable detail (including a balance sheet showing the calculation of Net Working Capital) (1) its estimate prepared in accordance with the accounting principles set forth on Exhibit E of the Purchase Price (and the following components thereof) (the Estimated Purchase Price), which shall equal the Base Merger

A-2

Table of Contents

Consideration, *minus* (i) the estimated amount of Closing Date Indebtedness, *minus* (ii) the estimated aggregate amount of the Unpaid Transaction Expenses, *plus* (iii) the estimated Net Working Capital Adjustment (which may be a negative number), *plus* (iv) the estimated amount of Cash and Cash Equivalents, *minus* (v) the Holdback Amount, *minus* (vi) the Pension Adjustment Amount, *minus* (vii) the Representative Fund Amount, *minus* (viii) the Closing Tower Adjustment Amount and (2) the amounts of each of Cash Consideration and Common Stock Consideration payable to each Stockholder in respect of its Pro Rata Portion of the Closing Merger Consideration (the Closing Statement).

(b) Closing Payments. At the Closing, Buyer shall pay, or shall cause MergerCo or the Surviving Corporation to pay, in cash by wire transfer of immediately available funds, as follows:

(i) the Cash Consideration payable to each holder of Company Stock, as set forth in the Closing Statement, to the accounts designated by the Company for each Stockholder at least two Business Days prior to the Closing Date;

(ii) the amounts set forth in the applicable payoff letters provided to Buyer pursuant to Section 4.17 to the holders of the Closing Date Indebtedness named therein;

(iii) the amounts set forth on the Closing Statement to satisfy the Unpaid Transaction Expenses designated by the Company; provided, with respect to the service providers listed on Schedule 1.7(b)(iii), the Company shall provide to Buyer final invoices for any Unpaid Transaction Expenses payable to such service providers at least two Business Days prior to the Closing Date; provided, further, that the Company hereby agrees that, to the extent available, it will use any available Cash and Cash Equivalents to pay expenses which would otherwise become Unpaid Transaction Expenses to the extent they remain unpaid as of the opening of business on the Closing Date; and

(iv) the Representative Fund Amount to the account designated by the Stockholders' Representative at least two Business Days prior to the Closing Date.

(c) Non-Cash Consideration. At the Closing, Buyer shall:

(i) issue and deliver to each Stockholder who is receiving Stock Consideration (the Continuing Stockholders) and who has executed and delivered to Buyer a sophisticated investor letter, in the form attached hereto as Exhibit G, that number of Buyer Common Shares set forth next to such Continuing Stockholder's name under the column "Closing Stock Consideration" on the Closing Statement; and

(ii) deposit in the Holdback Escrow Account, a number of shares equal to the Holdback Amount, in the amounts and names of the Stockholders as set forth next to such Continuing Stockholder's name under the column "Holdback Amount" on the Closing Statement.

(d) Determination of Final Purchase Price.

(i) As soon as practicable, but no later than 90 days after the Closing Date, Buyer shall prepare and deliver to the Stockholders' Representative proposed calculations, prepared in accordance with the accounting principles set forth on Exhibit E of (A) Net Working Capital and the Net Working Capital Adjustment, including a balance sheet showing the calculation of Net Working Capital, (B) the amount of Cash and Cash Equivalents, (C) the amount of Closing Date Indebtedness, (D) the amount of Unpaid Transaction Expenses and, based on the foregoing, (E) the Purchase Price (which calculations shall collectively be referred to herein as the Final Closing Date Calculations).

(ii) If the Stockholders Representative does not give written notice of any dispute (a Purchase Price Dispute Notice) to Buyer within 45 days of receiving the Final Closing Date Calculations, the Final Closing Date Calculations shall be final and binding on the parties and shall be deemed to set forth the final Net Working Capital, Cash and Cash Equivalents, Closing Date Indebtedness, Unpaid Transaction Expenses and Purchase Price, in each case, for purposes of determining the Actual Adjustment Amount. Prior to the end of such 45-day period, the Stockholders Representative may accept the Final Closing Date Calculations

A-3

Table of Contents

by delivering written notice to that effect to Buyer, in which case the Purchase Price will be finally determined when such notice is given. If the Stockholders' Representative delivers a Purchase Price Dispute Notice to Buyer within such 45-day period, Buyer and the Stockholders' Representative shall use commercially reasonable efforts to resolve only such disputed items during the 30-day period commencing on the date Buyer receives the Purchase Price Dispute Notice from the Stockholders' Representative. The Purchase Price Dispute Notice shall set forth the Stockholders' Representative's calculation of each disputed amount in reasonable detail. If the Stockholders' Representative and Buyer do not agree upon a final resolution with respect to such disputed items within such 30-day period, then the remaining items in dispute shall be submitted immediately to a nationally recognized, independent accounting firm reasonably acceptable to Buyer and the Stockholders' Representative (in either case, the Accounting Firm). The Accounting Firm shall be requested to render a determination of the applicable dispute within 30 days after referral of the matter to such Accounting Firm, which determination must be in writing and must set forth, in reasonable detail, the basis therefor. The terms of appointment and engagement of the Accounting Firm shall be as agreed upon between the Stockholders' Representative and Buyer, and any associated engagement fees shall be initially borne 50% by the Stockholders' Representative and 50% by Buyer; provided that such fees shall ultimately be borne by the Stockholders' Representative and Buyer in inverse proportion as they may prevail on matters resolved by the Accounting Firm, which proportionate allocations shall also be determined by the Accounting Firm at the time the determination of the Accounting Firm is rendered on the merits of the disputed items. Except as provided in the preceding sentence, all other costs and expenses incurred by the parties hereto in connection with resolving any dispute pursuant to this Section 1.7 before the Accounting Firm shall be borne by the party incurring such cost and expense. In resolving the disputed items, the Accounting Firm (A) shall be bound by the provisions of this Section 1.7 (and the definitions of defined terms), (B) may not assign a value to any item greater than the greatest value claimed for such item or less than the smallest value for such item claimed by either Buyer or the Stockholders' Representative, and (C) shall limit its decision to such items as are in dispute and to only those adjustments as are necessary for the Final Closing Date Calculations to be prepared in accordance with the accounting principles set forth on Exhibit E and to comply with other the provisions of this Agreement. Such determination of the Accounting Firm shall be conclusive and binding upon the parties hereto. The Final Closing Date Calculations shall be revised as appropriate to reflect the resolution of any objections thereto pursuant to this Section 1.7(d)(ii) and, as so revised, such Final Closing Date Calculations shall be deemed to set forth the final Net Working Capital, Cash and Cash Equivalents, Closing Date Indebtedness, Unpaid Transaction Expenses and Purchase Price, in each case, for all purposes hereunder (including the determination of the Actual Adjustment Amount).

(iii) Following Buyer's delivery of the Final Closing Date Calculations, until finally resolved pursuant to this Section 1.7(d), Buyer shall, and shall cause each of its Subsidiaries to, make the Surviving Corporation's financial records relevant to the Final Closing Date Calculations available to the Stockholders' Representative and its accountants and other representatives upon reasonable notice during normal business hours during the review by the Stockholders' Representative of, and the resolution of any objections with respect to, the Final Closing Date Calculations.

(e) Adjustment to Estimated Purchase Price.

(i) If the Actual Adjustment Amount is positive, Buyer shall, within three Business Days after the date on which the Purchase Price is finally determined pursuant to this Section 1.7, issue and deliver to each Stockholder Additional Shares having a value (based on the Buyer Common Share Value) equal to its Pro Rata Portion of the Actual Adjustment Amount, or at Buyer's election, in lieu of delivering additional Buyer Common Shares, Buyer may pay to each Stockholder all or a portion of its Pro Rata Portion of the Actual Adjustment Amount in cash by wire transfer of immediately available funds to the accounts designated by the Stockholders' Representative. In addition, Buyer and the Stockholders' Representative shall deliver joint written instructions to the Escrow Agent instructing the Escrow Agent to release to each Continuing Stockholder the Buyer Common Shares set forth next to such Continuing Stockholder's

name under the column Holdback Amount on the Closing Statement.

A-4

Table of Contents

(ii) If the Actual Adjustment Amount is negative, then within three Business Days after the date on which the Purchase Price is finally determined pursuant to this Section 1.7, Buyer and the Stockholders' Representative shall deliver joint written instructions to the Escrow Agent instructing the Escrow Agent to: (A) if the absolute value of such negative amount equals or exceeds the Holdback Amount, disburse to Buyer all of the Buyer Common Shares comprising the Holdback Amount for immediate cancellation of such Buyer Common Shares and (B) if the absolute value of such negative amount is less than the Holdback Amount (such difference, the Holdback Excess Amount), release (1) to Buyer a portion of the Buyer Common Shares comprising the Holdback Amount equal to the absolute value of such negative amount (based on the Buyer Common Share Value) for immediate cancellation of such Buyer Common Shares and (2) to each Continuing Stockholder, Buyer Common Shares equal to the product of (I) the Buyer Common Shares set forth next to such Continuing Stockholder's name under the column Holdback Amount on the Closing Statement, *multiplied by* (II) (x) the Holdback Excess Amount, *divided by* (y) the Holdback Amount. Notwithstanding anything to the contrary contained herein, the Holdback Amount shall be the sole source of recovery for any payment required to be made pursuant to this Section 1.7(e)(ii).

(f) Tower Adjustment.

(i) If the Tower Disposition has not been consummated prior to Closing, then promptly, but no later than 20 days, following the consummation of the Tower Disposition, the Stockholders' Representative shall deliver to Buyer the calculation of the Actual Tower Adjustment Amount. If Buyer disputes any portion of the calculation of the Actual Tower Adjustment Amount within 30 days of receipt of such calculation, the parties will abide by the dispute resolution procedures set forth in Section 1.7(d)(ii).

(ii) If the Actual Tower Adjustment Amount is negative, Buyer shall, within five Business Days after the date on which the Tower Adjustment Amount is finally determined pursuant to this Section 1.7, deliver to each Stockholder Additional Shares having a value (based on the Buyer Common Share Value) equal to its Pro Rata Portion of the absolute value of the Actual Tower Adjustment Amount. At Buyer's election, in lieu of delivering additional Buyer Common Shares, Buyer may pay to each Stockholder all or a portion of its Pro Rata Portion of the Actual Tower Adjustment Amount in cash by wire transfer of immediately available funds to the accounts designated by the Stockholders' Representative.

(iii) If the Actual Tower Adjustment Amount is positive, then promptly, but no later than five Business Days after the date on which the Tower Adjustment Amount is finally determined pursuant to this Section 1.7, each Continuing Stockholder shall instruct its broker (or other party managing holding such Continuing Stockholder's Buyer Common Shares) to deliver or cause to be delivered (as promptly thereafter as practicable) to Buyer for cancellation that number of Buyer Common Shares having a value (based on the Buyer Common Share Value) equal to its pro rata portion (based on the allocations in the Closing Statement) of the Actual Tower Adjustment Amount.

(iv) In all cases, the Stockholders shall be entitled to receive 100% of the net cash proceeds from the Tower Disposition, whether or not the Tower Disposition is consummated prior to Closing. If the Tower Disposition is consummated prior to the Closing Date, such net cash proceeds from the Tower Disposition will be distributed to the Stockholders prior to the Closing Date.

(g) Each of the Buyer Parties, the Company, the Surviving Corporation and any Affiliate of the foregoing shall be entitled to deduct and withhold from any amounts or consideration payable pursuant to this Agreement to any Person such amounts as are required to be deducted and withheld with respect to the making of such payment by applicable Law. To the extent that amounts are so deducted or withheld, such deducted and withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made.

Section 1.8 Letter of Transmittal. As soon as reasonably practicable after the date hereof, the Company shall mail to each holder of record of Company Stock a letter of transmittal in a form reasonably agreed by Buyer and the Company (a Letter of Transmittal). Upon delivery of a duly executed Letter of Transmittal to the Company

A-5

Table of Contents

in accordance with such instructions (whether before or after the Closing), the holder of such shares shall be entitled to receive in exchange therefor, its Pro Rata Portion of the Closing Merger Consideration payable in respect of each share of Company Stock.

Section 1.9 Closing Deliverables. At the Closing, Buyer shall deliver to the Stockholders Representative, and the Stockholders Representative shall deliver to Buyer, duly executed counterparts to the Investor Rights Agreement and the Registration Rights Agreement.

ARTICLE 2

Representations and Warranties of the Company

Except as set forth in the Company Disclosure Letter (it being understood and agreed that each disclosure set forth in the Company Disclosure Letter shall be deemed to qualify or modify each of the representations and warranties set forth in this Article 2 to the extent the applicability of the disclosure to such representation and warranty is reasonably apparent from the text of the disclosure made), the Company hereby represents and warrants to the Buyer Parties as of the date of this Agreement and as of the Closing Date as follows:

Section 2.1 Corporate Status. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to carry on its business as now conducted. The Company is duly qualified to do business as a foreign corporation and is in good standing (where such concept is recognized) in all jurisdictions in which it is required to be so qualified or in good standing, except where the failure to be so qualified or in good standing would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. The Company has made available to the Buyer Parties true, correct and complete copies of the Organizational Documents of the Company, each as in effect as of the date hereof. Each of the Organizational Documents of the Company is in full force and effect, and the Company is not in violation of any of the provisions of such documents other than immaterial violations. The Company has the corporate power and authority to own and operate the Company Stations, to use the Company Station assets and to carry on the business of the Company Stations.

Section 2.2 Corporate and Governmental Authorization.

(a) The Company has all requisite corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and, subject to the Stockholder Approval, to consummate the transactions contemplated hereby (including the Merger). The execution and delivery of this Agreement and all of the Ancillary Documents to be executed and delivered by the Company to the Buyer Parties, the performance of the Company's obligations hereunder and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate action of the Company other than obtaining the Stockholder Approval, and, other than obtaining the Stockholder Approval, no additional corporate proceedings on the part of the Company are necessary to authorize the execution, delivery and performance of this Agreement and the Ancillary Documents or the consummation of the transactions contemplated hereby (other than any corporate proceedings which may be required to consummate the transactions contemplated by Section 4.13 or Section 4.19). This Agreement has been, and at the time they are executed and delivered each Ancillary Document to which the Company is a party will be, duly executed and delivered by the Company. This Agreement does, and when executed the Ancillary Documents to which the Company is a party will, constitute a legal, valid and binding obligation of the Company enforceable against the Company in accordance with their terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium, receivership or similar Laws relating to or affecting creditors' rights generally and by general principles of equity (whether considered at law or in equity).

A-6

Table of Contents

(b) The affirmative vote of Stockholders who collectively own a majority of the outstanding shares of the Company's voting stock irrevocably approving the adoption of this Agreement and the Merger (the Stockholder Approval) is the only vote of the holders of any class or series of capital stock of the Company necessary to adopt this Agreement and approve the Merger and the other transactions contemplated by this Agreement.

(c) The execution and delivery of this Agreement by the Company and the performance of its obligations hereunder (including the Merger) require no action by or in respect of, or filing with or notification to, any Governmental Authority with respect to the Company or any Subsidiary of the Company or their respective assets, other than (i) the filing of the Certificate of Merger with the Delaware Secretary of State and appropriate documents with the relevant authorities of other states in which the Company is qualified to do business, (ii) compliance with any applicable requirements of the HSR Act, (iii) compliance with any applicable requirements of the Company FCC Licenses or Communications Laws (including obtaining the FCC Consent) and (iv) any actions or filings under Law (other than the Laws referred to in clause (ii) and (iii)) the absence of which would not reasonably be expected, individually or in the aggregate, to materially impair, prevent or materially delay the ability of the Company to consummate the transactions contemplated by this Agreement (including the Merger).

Section 2.3 Non-Contravention. The execution and delivery of this Agreement by the Company and the performance of its obligations hereunder (including the Merger) do not (i) conflict with or breach any provision of the Organizational Documents of the Company or any of its Subsidiaries, (ii) assuming compliance with the matters referred to in Sections 2.2(b) and (c), conflict in any material respect with or materially breach any provision of any Law applicable to the Company or any of its Subsidiaries or any of their respective properties or assets, (iii) require any notice to or consent of or other action by any Person under, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, or cause or permit termination, cancellation, amendment, acceleration or other change of any right or obligation or the loss of any benefit under, any provision of any Company Material Contract or any material Permit affecting the Company or its Subsidiaries, except, in each case as would not reasonably be expected, individually or in the aggregate, to be materially adverse to the Company and its Subsidiaries, taken as a whole or (iv) result in the creation or imposition of any material Lien other than Permitted Liens on any property or assets of the Company or any of its Subsidiaries.

Section 2.4 Capitalization.

(a) The authorized capital stock of the Company as of the date of this Agreement consists of 100,000 shares of voting common stock, par value \$.000001 per share, of which 80,000 shares are issued and outstanding and 5,000,000 shares of non-voting common stock, par value \$.000001 per share, of which 1,861,142.91 shares are issued and outstanding. All of the issued and outstanding shares of Company Stock have been duly authorized, validly issued and are fully paid and nonassessable and were not issued in violation of the preemptive, subscription or similar rights of any Person.

(b) Except as set forth in Section 2.4(a), there are no outstanding (i) shares of capital stock of or other voting or equity interests in the Company, (ii) securities of the Company convertible into or exercisable or exchangeable for shares of capital stock of or other voting or equity interests in the Company, (iii) options, warrants or other rights or agreements, commitments or understandings of any kind to acquire from the Company, or other obligation of the Company or any of its Subsidiaries to issue, acquire, transfer or sell, any shares of capital stock of or other voting or equity interests in the Company or securities convertible into or exercisable or exchangeable for shares of capital stock of or other voting or equity interests in the Company, (iv) obligations of the Company or any of its Subsidiaries to grant, extend or enter into a subscription, warrant, right, convertible or exchangeable security or other similar Contract relating to any capital stock of, or other equity or voting interest (including any voting debt) in, the Company, (v) restricted shares, restricted share units, stock appreciation rights, performance shares, contingent value rights or

similar securities or rights that are derivative of, or provide economic benefits based, directly or indirectly, on the value or price of, any capital stock of, or other voting securities or ownership interests in, the Company, (vi) voting trusts, proxies or other similar agreements or understandings with respect to the voting of any shares of capital stock of the Company or other voting or equity interests in the Company or

A-7

Table of Contents

any of its Subsidiaries or to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound with respect to the voting of any shares of capital stock of or other voting or equity interests in the Company or any of its Subsidiaries or any such agreements or understandings to which the Company or any of its Subsidiaries is a party which restrict the transfer of any such shares, (vii) contractual obligations or commitments of any character requiring the registration for sale of any shares of capital stock of or other voting or equity interests in the Company or any of its Subsidiaries or (viii) obligations of any kind with respect to any phantom stock rights, phantom stock appreciation rights or other phantom equity interest related to the capital stock of the Company. No shares of capital stock of the Company were issued in violation of any Law. There are no outstanding obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any securities of the Company referred to in clause (i) (v) of the foregoing sentence.

Section 2.5 Subsidiaries; Ownership Interests.

(a) Each Subsidiary of the Company is duly organized, validly existing and in good standing (where such concept is recognized) under the laws of its jurisdiction of formation and has all corporate or limited liability company powers (as applicable) required to carry on its business as now conducted. Each Subsidiary of the Company is duly qualified to do business as a foreign corporation or limited liability company (as applicable) and is in good standing (where such concept is recognized) in all jurisdictions in which it is required to be so qualified or in good standing, except where the failure to be so qualified or in good standing would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect. The authorized, issued and outstanding shares of capital stock of and other voting or equity interests in all Subsidiaries of the Company, the respective jurisdictions of formation of such Subsidiaries and the Company's direct or indirect ownership interest in such Subsidiaries are identified in Section 2.5(a) of the Company Disclosure Letter. The Company has previously provided to the Buyer Parties true, correct and complete copies of the Organizational Documents of its Subsidiaries, each as in effect as of the date hereof. Each of the Organizational Documents of the Company's Subsidiaries is in full force and effect, and the Company and its Subsidiaries are not in violation of any of the provisions of such documents in any material respect.

(b) All of the outstanding shares of capital stock of and other voting or equity interests in each Subsidiary of the Company have been duly authorized and validly issued and are fully paid and nonassessable and were not issued in violation of the preemptive, subscription or similar rights of any Person and are owned beneficially and of record by the Company or one of its wholly-owned Subsidiaries as set forth in Section 2.5(a) of the Company Disclosure Letter, free and clear of any Liens other than Permitted Liens. Except as set forth in Section 2.5(a), there are no outstanding (i) shares of capital stock of or other voting or equity interests in any Subsidiary of the Company, (ii) securities of the Company or any of its Subsidiaries convertible into or exercisable or exchangeable for shares of capital stock of or other voting or equity interests in any Subsidiary of the Company, (iii) options, warrants or other rights or agreements, commitments or understandings of any kind to acquire from the Company or any of its Subsidiaries, or other obligation of the Company or any of its Subsidiaries to issue, acquire, transfer or sell, any shares of capital stock of or other voting or equity interests in any Subsidiary of the Company or securities convertible into or exercisable or exchangeable for shares of capital stock of or other voting or equity interests in any Subsidiary of the Company, (iv) obligations of any Subsidiary of the Company to grant, extend or enter into a subscription, warrant, right, convertible or exchangeable security or other similar Contract relating to any capital stock of, or other equity or voting interest (including any voting debt) in, any Subsidiary of the Company, (v) restricted shares, restricted share units, stock appreciation rights, performance shares, contingent value rights, phantom stock or similar securities or rights that are derivative of, or provide economic benefits based, directly or indirectly, on the value or price of, any capital stock of, or other voting securities or ownership interests in, any Subsidiary of the Company or (vi) obligations of any kind with respect to any phantom stock rights, phantom stock appreciation rights or other phantom equity interest related to the capital stock of any Subsidiary of the Company. No shares of capital stock of any of the Subsidiaries of the Company were issued in violation of any Law. There are no outstanding obligations of the Company or any of its

Subsidiaries to repurchase, redeem or otherwise acquire any securities of any of its Subsidiaries referred to in clauses (i) (v) in the foregoing sentence.

A-8

Table of Contents

(c) Neither the Company nor any of its Subsidiaries owns shares of capital stock of or other voting or equity interests in (including any securities exercisable or exchangeable for or convertible into shares of capital stock of or other voting or equity interests in) any third party or has any obligation to acquire any such shares of capital stock or other voting or equity interests, or to provide funds to or make any investment (in the form of a loan, capital contribution or otherwise) in, any Subsidiary of the Company or any other Person.

Section 2.6 Financial Statements. The Company has delivered to Buyer true and complete copies of (a) audited consolidated financial statements of the Company and its Subsidiaries at and for the periods ended December 31, 2015 (the Balance Sheet Date) and December 31, 2014, together with all related notes and schedules thereto, accompanied by the report of the Company's independent auditors thereon, including a balance sheet and statements of comprehensive income, cash flows and retained earnings or shareholders' equity (the Audited Financial Statements) and (b) an unaudited consolidated balance sheet and statements of income and cash flow of the Company and its Subsidiaries as of and for the three-month period ended March 31, 2016 (the Interim Financial Statements and, together with the Audited Financial Statements, the Financial Statements). The Financial Statements have been prepared in accordance with United States generally accepted accounting principles (GAAP) applied on a consistent basis (except as may be indicated in the notes thereto and, in the case of the Interim Financial Statements, for the absence of footnotes and other presentation items and for normal year-end adjustments which are not expected to be material in the aggregate), accurately reflect the books and records of the Company and its Subsidiaries and present fairly in all material respects the consolidated financial position, results of operations and cash flows of the Company and its Subsidiaries at and for the respective periods indicated.

Section 2.7 Company FCC Licenses.

(a) The Company or its Subsidiaries are the holders of the licenses, permits, authorizations, and registrations set forth in Section 2.7 of the Company Disclosure Letter. Section 2.7 of the Company Disclosure Letter sets forth: (i) all of the licenses, permits, authorizations, and registrations issued by the FCC to the Company or its Subsidiaries and (ii) all of the licenses, permits, authorizations, and registrations that are required to operate or are otherwise material to the Company's business and, in each case, that relate to Communications Laws ((i) and (ii) collectively, the Company FCC Licenses). Neither the Company nor any of its Subsidiaries holds any license, permit, authorization, or registration respecting any broadcast facility other than the stations specifically identified in Section 2.7 of the Company Disclosure Letter.

(b) The Company FCC Licenses are in full force and effect in accordance with their terms and have not been revoked, suspended, canceled, rescinded, adversely modified, or terminated and have not expired. The Company Subsidiary holding each Company FCC License is, under existing law and the existing rules, regulations, policies and procedures of the FCC, qualified to do so and to own and operate the facilities authorized thereby.

(c) Section 2.7 of the Company Disclosure Letter sets forth all applications pending before the FCC and (i) submitted by the Company or any of its Subsidiaries or (ii) respecting the Company, any of its Subsidiaries, or any Company FCC License. To the Knowledge of the Company, there are no facts or circumstances that might reasonably be expected to (i) result in the FCC's refusal to renew any Company FCC License, (ii) materially delay the FCC's renewal of any Company FCC License, (iii) result in a challenge to any application seeking renewal of any Company FCC License, (iv) cause the FCC to impose a material condition or conditions on its renewal of any Company FCC License, or (v) cause the FCC to renew any Company FCC License on terms materially different than those in existence as of the date hereof.

(d) No action is pending or to the Company's Knowledge threatened by or before the FCC to revoke, suspend, cancel, rescind or adversely modify any of the Company FCC Licenses (other than proceedings to amend FCC rules of

general applicability). There is not issued, outstanding, or threatened in writing, by or before the FCC, any order to show cause, notice of violation, notice of apparent liability or order of forfeiture against the Company or any of its Subsidiaries that would reasonably be expected to: (i) result in any such action or (ii) otherwise adversely affect Buyer's ability to operate the Company or any of its Subsidiaries.

A-9

Table of Contents

(e) The Company, each of its Subsidiaries, and their respective Transmission Structures are operating in compliance in all material respects with the Company FCC Licenses, and the Communications Act of 1934, as amended, and the rules, regulations, and published policies of the FCC (collectively, the Communications Laws). To the Company's Knowledge, no such Transmission Structure is causing interference into any other broadcast station or communications facility in violation of the Company FCC Licenses or Communications Laws and, as of the date hereof, neither the Company nor any of its Subsidiaries has received any written complaint alleging or respecting any such interference. To the Knowledge of the Company, as of the date hereof no other broadcast station or communications facility is causing interference into the operations of the Company or any of its Subsidiaries that (i) violates the Company FCC Licenses or Communications Laws or (ii) materially and adversely impacts the ability of the public to receive transmissions from any transmission facility owned by the Company or any of its Subsidiaries. All material reports and filings required to be filed with the FCC by any member of the Company Group with respect to the Company, any of its Subsidiaries, or any of the Company FCC Licenses have been timely filed. All such reports and filings are accurate and complete in all material respects. The Company and Subsidiaries maintain appropriate public inspection files at each Company Station location, as required by FCC rules.

Section 2.8 No Undisclosed Material Liabilities. Except (i) for liabilities and obligations reflected, disclosed or reserved against in the Reference Balance Sheet, (ii) for liabilities and obligations incurred in the ordinary course of the Company's business consistent with past practice since the Balance Sheet Date, (iii) as set forth in Section 2.8 of the Company Disclosure Letter, (iv) liabilities arising under any Company Material Contract (other than from breach thereof by the Company or any of its Subsidiaries) and (v) for liabilities which would not reasonably be expected, individually or in the aggregate, to be materially adverse to the Company and its Subsidiaries, taken as a whole, or to the ownership or use of the assets of the Company and its Subsidiaries, taken as a whole, since the Balance Sheet Date, the Company and its Subsidiaries have not incurred any liabilities or obligations that would be required by GAAP to be disclosed or reflected in or reserved against in a consolidated audited balance sheet or the notes thereto prepared in accordance with GAAP.

Section 2.9 Absence of Certain Changes. Since the Balance Sheet Date, except as otherwise expressly contemplated by this Agreement (including for the avoidance of doubt Section 4.13 and Section 4.19), (i) the business of the Company and its Subsidiaries has been conducted in all material respects in the ordinary course consistent with past practice, (ii) there has been no Material Adverse Effect and (iii) the Company has not taken any action that would, after the date hereof, be prohibited or omitted to take any action that would, after the date hereof, be required, as the case may be, by clauses (i) through (xxiv) of Section 4.1(a).

Section 2.10 Company Material Contracts.

(a) As of the date hereof, except as disclosed in Section 2.10 of the Company Disclosure Letter, neither the Company nor any of its Subsidiaries is a party to or bound by, and none of their respective assets are subject to, any Contract:

(i) (x) relating to Indebtedness or (y) that imposes any Lien (other than Permitted Liens) with respect to any material assets or properties of the Company or any of its Subsidiaries;

(ii) involving any joint venture, partnership, limited liability company or other similar agreements or arrangements;

(iii) relating to the acquisition, lease, sale, license, transfer or disposition of any business, capital stock or material assets of the Company, any of its Subsidiaries or any third Person or any material real property (whether by merger, sale of stock, sale of assets or otherwise), including any agreement that provides an option to acquire, lease, sell, license, transfer or dispose of any of the foregoing;

(iv) that (A) restricts in any material respect the conduct of business by the Company or any of its Subsidiaries or materially limits the freedom of the Company or any of its Subsidiaries to compete in any line of business or with any Person or in any area or during any period of time that has not expired or that

A-10

Table of Contents

would so limit the freedom of Buyer or its Affiliates or the Company or any of its Subsidiaries after the Closing or (B) contains exclusivity obligations or exclusivity restrictions binding on the Company or any of its Subsidiaries that are material to the Company Station(s) to which such Contract is applicable, or that would be binding on Buyer or any of its Affiliates after the Closing;

(v) with total annual payments by the Company or any of its Subsidiaries of more than \$100,000 or under which the Company and its Subsidiaries made payments of more than \$100,000 during the 12-month period ending prior to May 31, 2016, excluding, in each case, any Contracts that are Company Benefit Plans;

(vi) entered into outside the ordinary course of business (and, for the avoidance of doubt, excluding for the purposes of this subsection any advertising Contract) that provides for aggregate payments to the Company or its Subsidiaries over the remaining term of the agreement of more than \$100,000 or under which payments of more than \$100,000 were made to the Company or its Subsidiaries during the 12-month period ending prior to May 31, 2016;

(vii) with any current or former officer, director, employee or other individual service provider of the Company or any of its Subsidiaries (A) providing for annual compensation (including bonuses and commissions) in excess of \$60,000, or (B) providing for severance, change in control, termination, retention or similar payments or that may not be terminated by giving notice of 30 days or less, without cost or penalty, in each case, for which the Company has ongoing obligations thereunder;

(viii) relating to any network affiliation arrangement that is material to the Company Station(s) to which such Contract is applicable;

(ix) for programming (including syndicated content from a third party) that is material to the Company Station(s) to which such Contract is applicable;

(x) for the sale of airtime, other than those entered into in the ordinary course of business consistent with past practice;

(xi) relating to any interest rate, derivatives or hedging transaction;

(xii) relating to any joint sales agreements, time brokerage agreements, local marketing agreements, or similar arrangement;

(xiii) relating to any trade, barter, or similar arrangement that is material to the Company Station(s) to which such Contract is applicable;

(xiv) under which (A) any Person has directly or indirectly guaranteed any liabilities or obligations of the Company or any of its Subsidiaries or (B) the Company or any of its Subsidiaries has directly or indirectly guaranteed any liabilities or obligations of any other Person (in each case including any take-or-pay or keepwell agreement but excluding endorsements for the purpose of collection in the ordinary course of business consistent with past practice);

(xv) that prohibits the payment of dividends or distributions in respect of the capital stock or other equity interests of the Company or any of its Subsidiaries, or prohibits the pledging of the capital stock of the Company or any of its Subsidiaries;

(xvi) that contains a put, call or similar right pursuant to which the Company or any of its Subsidiaries could be required to purchase or sell, as applicable, any equity interests of any Person or assets that have a fair market value or purchase price in excess of \$50,000;

(xvii) that provides for indemnification by the Company or any of its Subsidiaries of any Person, except for any such Contract that is entered into in the ordinary course of business consistent with past practice;

(xviii) for any remaining capital expenditure in excess of \$75,000, other than any capital expenditures to be made pursuant to the 2016 annual budget;

A-11

Table of Contents

(xix) for the lease or servicing of hardware and other technology that are IT Systems (except for Software) that involve payments in excess of \$50,000 over a twelve month period;

(xx) for the license to the Company or any of its Subsidiaries of (A) any Intellectual Property (other than Software) that is material to the business of the Company or any of the Company Stations (including without limitation any Contract with a living natural Person whose name and/or likeness are material to the business of the Company or any of the Company Stations) and (B) any Software, other than (1) Contracts for commercial widely available off-the-shelf Software with annual license fees of less than \$50,000 or (2) standard commercial service offerings that are generally commercially available on standard terms with annual or individual service fees of less than \$50,000;

(xxi) that is a license of any Owned Intellectual Property by the Company or any Subsidiaries to a third party, but excluding any (A) marketing Contracts entered into in the ordinary course of business consistent with past practice that grant a non-exclusive right to use or practice Owned Intellectual Property, provided such right is incidental to such Contract and (B) Contracts in the form of nonexclusive end user terms of service (copies of the forms of which have been provided to Buyer) entered into by end users of Owned Intellectual Property in the ordinary course of business consistent with past practice;

(xxii) that contains any standstill or similar agreement pursuant to which one party has agreed not to acquire assets or securities of another Person, except for any such Contract that is a confidentiality, non-disclosure or similar type of agreement;

(xxiii) which is a Lease;

(xxiv) that provides the Company or any of its Subsidiaries with national advertising sales representation that is material to the market cluster of Company Stations to which such Contract is applicable; or

(xxv) with any labor union or labor organization, or collective bargaining agreement, applicable to employees of the Company or any of its Subsidiaries.

(b) Each Contract disclosed (or required to be disclosed) in the Company Disclosure Letter pursuant to this Section 2.10 (each, a Company Material Contract) is a valid and binding agreement of the Company or one of its Subsidiaries, as the case may be, and, to the Knowledge of the Company, of the other parties thereto (subject to the effects of applicable bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium, receivership or similar Laws relating to or affecting creditors' rights generally and by general principles of equity (whether considered at law or in equity)), and is in full force and effect and enforceable in accordance with its terms. None of the Company, any Subsidiary of the Company or, to the Knowledge of the Company, any other party thereto is in default or breach in any material respect under (or is alleged to be in default or breach in any material respect under) the terms of, or, as of the date hereof, has provided or received any written notice of any intention to terminate, any such Company Material Contract. To the Knowledge of the Company, no event or circumstance has occurred that, with notice or lapse of time or both, would (i) constitute an event of material default thereunder or result in a termination thereof or (ii) cause or permit the acceleration of or other changes of or to any material right or obligation or the loss of any material benefit thereunder. A true, correct and complete copy of each Company Material Contract has been previously made available to the Buyer Parties.

Section 2.11 Properties.

(a) The Company and its Subsidiaries have (i) good and valid fee simple title to each Owned Real Property and (ii) good and valid leasehold interest in each Leased Real Property, in each case free and clear of any Lien other than

Permitted Liens, except as would not reasonably be expected, individually or in the aggregate, to be material.

(b) Section 2.11(b) of the Company Disclosure Letter lists all real property owned by the Company or any of its Subsidiaries as of the date hereof (together with all buildings, structures, improvements and fixtures

A-12

Table of Contents

presently located thereon or attached or appurtenant thereto, the Owned Real Property). Section 2.11(b) of the Company Disclosure Letter also lists the address and owner of each parcel of Owned Real Property and identifies the name of any third party lessee of each such parcel. The Company and its Subsidiaries have not leased, or otherwise granted to any Person the right to use or occupy such Owned Real Property or any portion thereof, except as would not reasonably be expected, individually or in the aggregate, to be material.

(c) Section 2.11(c) of the Company Disclosure Letter lists all real property leased by the Company or any of its Subsidiaries from a third party as of the date hereof (the Leased Real Property), including the address, landlord and tenant for each such lease. With respect to each of the Leases, to the Knowledge of the Company, the Company s or any of its Subsidiaries possession of the Leased Real Property under such Lease has not been disturbed. The Company or any of its Subsidiaries has not subleased, licensed or otherwise granted any Person the right to use or occupy such Leased Real Property or any portion thereof.

(d) Except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, (i) the Owned Real Property and Leased Real Property together comprise all of the real property used or intended to be used in, or otherwise related to, the business of the Company and its Subsidiaries and (ii) the tangible property (taken as whole) currently owned, leased or operated by the Company or any of its Subsidiaries has no material defects, is in in good operating condition and repair, and has been reasonably maintained consistent with the Company s ordinary course past practices and is adequate and suitable for its present uses.

(e) With respect to Real Property, no condemnation or eminent domain proceeding is pending or, to the Knowledge of the Company, threatened in writing which could reasonably be expected to preclude or impair the use of any Real Property by the Company Stations. The Transmission Structures and the Transmission Equipment are assets owned or leased, or otherwise used or held for use, by the Company or its Subsidiaries, except as would not reasonably be expected to materially interfere with the conduct of the business of Company and its Subsidiaries as currently conducted at the Real Property related thereto. The Company has full legal and practical access to the Real Property in all material respects. To the Knowledge of the Company, each parcel of Real Property is accessible without charge by a public right of way or is otherwise reasonably accessible for purposes of conducting the use of each such property, as currently conducted, including reasonable access between and among each transmitter building, the Transmission Structures corresponding thereto and, if applicable, each guy anchor supporting each such Transmission Structure. In all material respects, all ingress and egress to, from, between and among the transmitter building, the Transmission Structures corresponding thereto and, if applicable, each guy anchor supporting each such Transmission Structure are located entirely on the Real Property. None of the Transmission Structures or the use thereof violates in any material respect any restrictive covenants or, to the Knowledge of the Company, encroaches on any property owned by any other Person and all such Transmission Structures were constructed in conformity with all applicable set-back lines, easements and other restrictions or rights of record in all material respects.

Section 2.12 Intellectual Property.

(a) Section 2.12(a) of the Company Disclosure Letter lists as of the date hereof (i) all applications and registrations for trademarks, copyrights, trade names, service marks, domain names and patents (the Registered IP) and (ii) all unregistered trademarks, trade names or service marks material to the business of the Company or any of its Subsidiaries, taken as a whole, in each case of (i) and (ii) that are owned or purported to be owned by the Company or any of its Subsidiaries as of the date of this Agreement. The Company or one of its Subsidiaries owns all right, title and interest in each of (i) the items required to be set forth in Section 2.12(a) of the Company Disclosure Letter and (ii) any other Intellectual Property that is owned or purported to be owned by the Company or any of its Subsidiaries ((i) and (ii) collectively, the Owned Intellectual Property), free and clear of all Liens except for Permitted Liens.

(b) The Registered IP is subsisting and, to the Knowledge of the Company, valid and enforceable. All necessary registration, maintenance and renewal fees due as of the date of this Agreement in connection with

A-13

Table of Contents

such Registered IP have been made and all necessary documents, recordations and certificates in connection with such Registered IP have been filed with the relevant Governmental Authorities in the United States or other jurisdictions, as the case may be, for the purposes of prosecuting, perfecting and maintaining such Registered IP. No proceedings or Litigation (including reexamination or reissue proceedings) are pending or threatened, in a writing received by the Company, against the Company or any of the Subsidiaries which challenge the validity, enforceability, use or ownership of any Registered IP.

(c) The Company and its Subsidiaries have taken commercially reasonable actions to cause third parties to cease any known unauthorized use of any Trademarks that are Owned Intellectual Property (the Company Marks), including on social media. To the Knowledge of the Company, no third party has applied for registration of or used any of the Company Marks. The Company and its Subsidiaries control the nature and quality, in accordance with industry standards, of all products and services offered or sold under or in connection with the Company Marks.

(d) The operation of the businesses of the Company and its Subsidiaries does not, and during the past three years has not, infringed, misappropriated or otherwise violated the rights of any Person in Intellectual Property.

(e) During the past three years, neither the Company nor any of its Subsidiaries has received any written notice or written claim that it or they have infringed or, as applicable, misappropriated, or otherwise violated the rights of any Person in any Intellectual Property. To the Knowledge of the Company, no Person is infringing or, as applicable, misappropriating, or otherwise violating the Company's or its Subsidiaries' rights in any Owned Intellectual Property that is material to the business of the Company and its Subsidiaries, taken as a whole.

(f) All former and current officers, directors, employees, personnel, consultants, advisors, agents, and independent contractors of the Company and its Subsidiaries who have contributed to or participated in the conception and development of Owned Intellectual Property that is material to the business of the Company and its Subsidiaries, taken as a whole, have entered into valid and binding proprietary rights agreements with the Company or a Subsidiary vesting ownership of such Owned Intellectual Property in the Company or, as applicable, such Subsidiary, or the Company or a Subsidiary owns such Owned Intellectual Property as a matter of law. The Company and its Subsidiaries have taken commercially reasonable measures to protect its rights in all Owned Intellectual Property. There has been no disclosure by the Company or any of its Subsidiaries and, to the Knowledge of the Company, by any other Person, to any third party of any confidential information that is material to the conduct of the business of the Company or any of its Subsidiaries, other than pursuant to an agreement that includes confidentiality or non-disclosure provisions that are binding on such third party.

(g) None of the Software distributed or otherwise made available to any Person by the Company and its Subsidiaries contains any virus, Trojan horse, worm or other malicious code (collectively, Harmful Code), except as would not, individually or in the aggregate, be reasonably expected to be materially adverse to the Company and its Subsidiaries, taken as a whole. The Company and each of its Subsidiaries have implemented commercially reasonable procedures, to mitigate against the likelihood that such Software contains any Harmful Code.

(h) The information technology hardware and other systems (collectively, the IT Systems) and Software that are owned or licensed by the Company and its Subsidiaries are sufficient in all material respects for the current needs of their businesses and such IT Systems and Software have not suffered any outage or other failure during the past three years that has materially affected the operations of the Company or any of the Company's Stations. The Company and its Subsidiaries have taken commercially reasonable steps, consistent with industry standard security practices, to protect their IT Systems and Software from unauthorized intrusions, security breaches, and other losses or impairments of data and related Software and, since January 1, 2015, to the Knowledge of the Company, there have been no unauthorized intrusions or breaches of the security of such IT Systems or Software, or losses or impairment of

data or related Software that has materially affected the

A-14

Table of Contents

operations of the Company or any of the Company's Stations. The Company and its Subsidiaries have implemented commercially reasonable security policies, back-up and disaster recovery technology processes substantially consistent with industry practices.

(i) Neither the Company nor any of its Subsidiaries has disclosed, delivered or licensed to any Person or agreed or obligated itself to disclose, deliver or license to any Person, or permitted the disclosure or delivery to any escrow agent or other Person of, any source code to or other specifications or designs relating to Owned Intellectual Property (the Company Source Code), other than disclosures to employees, contractors and consultants (i) involved in the development of Company Source Code and (ii) subject to a written confidentiality or non-disclosure agreement. No event has occurred, and no circumstance or condition exists, that (with or without notice or lapse of time, or both) will, or would reasonably be expected to, result in the disclosure, delivery or license by the Company or any Subsidiary of any Company Source Code, other than disclosures to employees and consultants involved in the development of Company Source Code. Without limiting the foregoing, neither the execution nor performance of this Agreement nor the consummation of any transaction contemplated herein will result in a release from escrow or other delivery to a third party of any Company Source Code.

(j) No Owned Intellectual Property that is both (i) material to the business of the Company and its Subsidiaries, taken as a whole, and (ii) distributed or made available to Persons other than employees of the Company contains any Open Source Materials.

(k) To the Knowledge of the Company, the Company or its Subsidiaries own or have the right to use accounts registered on social media and similar online or digital communities or networks that are material to the business of the Company or any of the Company Stations.

(l) Since January 1, 2014, neither the Company nor any of its Subsidiaries has (i) been subjected to an audit in connection with any Contract under which Intellectual Property is licensed to it or them or (ii) received any written notice of any intent to conduct such an audit. Neither the Company nor any of its Subsidiaries has (i) been subjected to an audit by the Library of Congress Copyright Board or any similar Governmental Authority or (ii) received any written notice of any intent to conduct such an audit. Copies of any such audits referenced in this Section 2.12(l), whether initiated before or after January 1, 2014, that have not been finalized as of the date hereof have been provided to Buyer on or prior to the date hereof.

Section 2.13 Litigation. There is no, and during the past three years, there has not been any, (i) Litigation to which the Company or any of its Subsidiaries is a party (or arising out of, relating to or involving the business or any property or asset of the Company or any of its Subsidiaries) pending or, to the Knowledge of the Company, threatened in writing against the Company or any of its Subsidiaries which, if adversely determined, would reasonably be expected to result in liability to the Company or any of its Subsidiaries in excess of \$150,000 or would interfere in any material respect with the conduct of the business of Company and its Subsidiaries as currently conducted and (ii) material settlement agreements or similar written agreements with any Governmental Authority, or outstanding material Orders by any Governmental Authority against the Company or any of its Subsidiaries or any of their respective properties or assets.

Section 2.14 Compliance with Laws; Licenses and Permits.

(a) The Company and its Subsidiaries are, and during the past three years have been, in compliance in all material respects with all laws, statutes, ordinances, rules, directives, codes, regulations, judgments, writs, stipulations, awards, injunctions, rule of common law, Orders and decrees, in each case, of any Governmental Authority (Laws) to the extent applicable to the Company or any of its Subsidiaries or by which any material property or asset of the Company or any of its Subsidiaries is bound, and, to the Knowledge of the Company, as of the date hereof, are not under

investigation by any Governmental Authority with respect to any actual or alleged material violation of any applicable Laws nor has any Governmental Authority indicated to the Company in writing an intention to conduct any such investigation.

A-15

Table of Contents

(b) As of the date hereof, the Company has not received any written (or to the Knowledge of the Company, oral) communication from any Governmental Authority during the past three years, alleging any failure on its part to comply in any material respect with any Law.

(c) The Company and its Subsidiaries have all licenses, franchises, permits, certificates, approvals, registrations, and other similar authorizations issued by any Governmental Authority (other than the FCC) (each, a Permit) necessary to, affecting, or relating to, the ownership of the assets and/or the operation of the Company's business as currently conducted, except those the failure of which to hold would not reasonably be expected, individually or in the aggregate, to be material to the Company or any of its Subsidiaries or to the operation of a Company Station (the Company Permits). The Company Permits are valid and in full force and effect, neither the Company nor any of its Subsidiaries is in material default under the Company Permits and none of the Company Permits will be terminated as a result of the transactions contemplated hereby. As of the date hereof, neither the Company nor any of its Subsidiaries has received written notice of the pending suspension or cancellation of any Company Permits. To the Knowledge of the Company, no event has occurred or circumstance exists that would reasonably be expected to result in a material violation by the Company or any of its Subsidiaries of any applicable Law.

Section 2.15 Environmental Matters. Except as would not reasonably be expected, individually or in the aggregate, to be materially adverse to the Company and its Subsidiaries, taken as a whole:

(a) The Company and its Subsidiaries are in compliance with all applicable Environmental Laws and are in possession of, and in compliance with, all Permits required under applicable Environmental Laws;

(b) In the past three years, neither the Company nor any of its Subsidiaries has received from any Governmental Authority or other Person any notice of violation or alleged violation of, or liability arising under, any Environmental Law, other than any such violation, alleged violation or liability that has been resolved or for which there are no additional obligations;

(c) As of the date hereof, no Litigation is pending or, to the Knowledge of the Company, threatened against the Company or any of its Subsidiaries from any Governmental Authority or any Person regarding any liabilities or potential liabilities (whether accrued, absolute, contingent, unliquidated or otherwise), arising under any Environmental Law with respect to the Company, the Real Property or the Company Stations;

(d) Neither the Company nor any of its Subsidiaries has released Hazardous Substances into the soil or groundwater at, under or from the Real Property (or, to the Knowledge of the Company, any property formerly owned or leased by the Company or any of its Subsidiaries during periods prior to the Company or its Subsidiaries' ownership of the Real Property), which would reasonably be expected to result in investigation or cleanup by the Company or any of its Subsidiaries under applicable Environmental Laws;

(e) To the Knowledge of the Company, there are no Hazardous Substances at, on, under or emanating from any Real Property that are in excess of any concentration levels or standards prescribed under any applicable Environmental Law that would reasonably be expected to give rise to any investigation or cleanup obligation by the Company or any of its Subsidiaries under any Environmental Law;

(f) There are no underground storage tanks, polychlorinated biphenyls or asbestos-containing material located at any of the Real Property in a condition that constitutes a violation of an Environmental Law by the Company or any of its Subsidiaries and, any storage tanks (whether under or above ground) previously located at any such property were, to the Knowledge of the Company, at all times maintained, operated, sealed, closed and disposed of in accordance with all applicable Environmental Laws;

(g) There are no circumstances or conditions present at the operations of the Stations or any of the Real Property that would reasonably be expected to prevent the operations, when used and operated in the manner currently used and operated, from continuing to operate in material compliance with all applicable Environmental Laws; and

A-16

Table of Contents

(h) The Company has made available for Buyer's review a copy of all Phase I environmental site assessment and/or environmental compliance audit reports prepared in the past three years that are in the possession of the Company or any of its Subsidiaries in connection with the Real Property.

Section 2.16 Employees, Labor Matters, etc.

(a) Section 2.16(a) of the Company Disclosure Letter sets forth a list of full-time employees and part-time employees as of the most recent payroll period ending not less than three Business Days prior to the date hereof that the Company or any of its Subsidiaries employs as of such date and a list of individual consultants or independent contractors whom the Company or any of its Subsidiaries engages as of such date.

(b) Neither the Company nor any of its Subsidiaries is a party to or is otherwise bound by any collective bargaining agreement and, as of the date hereof, there are no labor unions or other organizations or groups representing any employees employed by the Company or any of its Subsidiaries. There is no pending or, to the Knowledge of the Company, threatened strike, slowdown, picketing or work stoppage by, or lockout of, or other similar labor activity or organizing campaign with respect to, any employees of the Company or any of its Subsidiaries as of the date hereof and there has been no such activity or campaign within the past three years. There are no actions, suits, claims, investigations or other legal proceedings against the Company or any of its Subsidiaries pending, or to the Knowledge of the Company, threatened in writing to be brought or filed, by or with any Governmental Authority or arbitrator in connection with the employment of any current or former employee of the Company or any of its Subsidiaries, including, without limitation, any claim relating to unfair labor practices, employment discrimination, harassment, retaliation, equal pay or any other employment related matter arising under applicable Laws. The Company and each of its Subsidiaries are in compliance in all material respects with all applicable Laws respecting labor, employment, employment practices, terms and conditions of employment, employee classification, wages and hours, collective bargaining, unlawful discrimination, civil rights, occupational safety, workers' compensation, the payment of social security and similar Taxes and immigration. Neither the Company nor any of its Subsidiaries has engaged in any employee layoff activities with respect to which there are unsatisfied liabilities under the Worker Adjustment and Retraining Notification Act of 1988 or any similar state or local mass layoff statute, rule or regulation.

Section 2.17 Employee Benefit Plans and Related Matters: ERISA.

(a) Disclosure. Section 2.17(a) of the Company Disclosure Letter lists all material Company Benefit Plans as of the date hereof. The Company has made available to Buyer complete and correct copies of each such Company Benefit Plan, including, as applicable, (i) the plan document and amendments thereto or a written summary where such Company Benefit Plan is not in writing, (ii) the most recent summary plan descriptions and summary of material modifications, (iii) the most recent determination or opinion letter with respect to any Company Benefit Plan that is intended to be tax-qualified under applicable Law, (iv) a copy of each trust or other funding arrangement, (v) the most recent actuarial report and financial statements with respect to each such Company Benefit Plan, (vi) the most recent annual report on Form 5500 filed with respect to each such Company Benefit Plan and (vii) all non-routine filings made with any Governmental Authority within the past three years.

(b) Qualification. Each Company Benefit Plan intended to be qualified under section 401(a) of the Code, and the trust (if any) forming a part thereof, has received a favorable determination letter from the IRS and no such determination letter has been revoked. To the Knowledge of the Company, there are no existing circumstances or events that would reasonably be expected to adversely affect the qualified status of any such Company Benefit Plan. Each Company Benefit Plan has been operated, maintained, funded and administered, in accordance with its terms and applicable Law, including ERISA and the Code, in all material respects.

(c) Liability: Compliance.

(i) Except as would not reasonably be expected, individually or in the aggregate, to be material to the Company and its Subsidiaries taken as a whole, no liability under Title IV of ERISA has been or is

A-17

Table of Contents

reasonably expected to be incurred by the Company or any of its Subsidiaries (other than for periodic premiums, all of which have been paid prior to the due date thereof).

(ii) Except as would not reasonably be expected, individually or in the aggregate, to be material to the Company and its Subsidiaries taken as a whole, (A) other than routine claims for benefits in the ordinary course of business consistent with past practice, there are no pending or, to the Knowledge of the Company, threatened claims or other actions by or on behalf of any participant in any of the Company Benefit Plans, or otherwise involving any Company Benefit Plan or the assets of any Company Benefit Plan; and (B) none of the Company Benefit Plans is presently under audit or examination (nor has notice been received of a potential audit or examination) by the IRS, the Department of Labor or any other Governmental Authority, domestic or foreign. Except as would not reasonably be expected, individually or in the aggregate, to be material to the Company and its Subsidiaries taken as a whole, no nonexempt prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code) has occurred with respect to any Company Benefit Plan. Except as would not reasonably be expected, individually or in the aggregate, to be material to the Company or any of its Subsidiaries, no event has occurred and no condition exists that would subject the Company or any of its Subsidiaries to any Tax, fine, Lien, penalty or other liability imposed by ERISA or the Code with respect to any Company Benefit Plan.

(iii) No Company Benefit Plan is a Multiemployer Plan or is subject to Title IV of ERISA or the minimum funding standards of Section 302 of ERISA or Section 412 of the Code and, in the last six years, neither the Company, any of its Subsidiaries nor any of their ERISA Affiliates sponsored, maintained, contributed to or was obligated to contribute to a Multiemployer Plan or a multiple employer plan within the meaning of section 4063 or 4064 of ERISA or a plan that is subject to Title IV of ERISA.

(iv) With respect to each Company Benefit Plan that is subject to Title IV of ERISA, (A) no reportable event (within the meaning of Section 4043 of ERISA, other than an event for which the reporting requirements have been waived by regulations) has occurred or is expected to occur, (B) the plan is not in at risk status under Title IV of ERISA, (C) all benefits, contributions and premiums (and interest charges and penalties for late payment, if applicable) have been timely paid as required by and due under the terms of each Company Benefit Plan, including but not limited to payments to the Pension Benefit Guaranty Corporation (PBGC) and as otherwise required under applicable Law, (D) no proceeding has been or is reasonably expected to be commenced by the PBGC to terminate the plan, and (E) no liability has been incurred or is reasonably expected to be incurred under Section 4062(e), 4069 or 4212(c) of ERISA. Neither the Company nor any of its Subsidiaries has withdrawn from any pension plan under circumstances resulting (or expected to result) in a liability to the PBGC.

(v) None of the Company Benefit Plans provides or represents any obligation to provide post-termination or retiree health or welfare insurance benefits to any current or former employee of the Company or its Subsidiaries except as may be required by Section 4980B of the Code and Section 601 of ERISA or any other applicable Law and neither the Company nor its Subsidiaries has ever represented, promised or contracted (whether in written or oral form) to any current or former employee that such employee would be provided with post-termination or retiree health or welfare insurance benefits, except to the extent required by applicable Law. Each Company Benefit Plan that provides for retirement health or welfare benefits can be amended, terminated or otherwise discontinued after the Closing Date in accordance with its terms, without material cost or liability to the Company or any of its Subsidiaries (other than non-material administrative expenses).

(vi) No Company Benefit Plan is a non-qualified deferred compensation plan within the meaning of Section 409A of the Code and any Company Benefit Plan listed in Section 2.17(c)(vi) of the Company Disclosure Letter complies in all material respects with Section 409A of the Code. No Company Benefit Plan or Contract provides for the indemnification, reimbursement or gross-up of any Taxes imposed by Section 409A of the Code.

(vii) Except as would not reasonably be expected, individually or in the aggregate, to be material to the Company and its Subsidiaries taken as a whole, the execution, delivery and performance of this Agreement

A-18

Table of Contents

by the Company and the consummation by the Company of the transactions contemplated by this Agreement will not (alone or in combination with any other event) result in payment of severance or any material increase in severance pay (other than severance required by applicable Law) for which Buyer would be liable, or an increase in the amount of compensation or benefits or the acceleration of the vesting or timing of payment of any compensation or benefits payable to or in respect of any current or former employee, officer, director or independent contractor of the Company or any of its Subsidiaries or any increased or accelerated funding obligation with respect to any Company Benefit Plan.

(viii) No payment or benefit which has been or may be made or provided to any employee of the Company or any of its Subsidiaries or any other disqualified individual (within the meaning of section 280G of the Code) could reasonably be expected to be characterized as an excess parachute payment under section 280G of the Code. No Company Benefit Plan or Contract provides for the gross-up, reimbursement or indemnification of any Taxes imposed by Section 4999 of the Code.

(ix) No Company Benefit Plan or Contract provides compensation or benefits to any employee or service provider of the Company or its Subsidiaries who resides or performs services primarily outside of the United States.

Section 2.18 Tax Matters.

(a) **Filing and Payment.** All Tax Returns required to be filed by, on behalf of, or with respect to, the Company or any of its Subsidiaries (each, a Taxpayer and collectively the Taxpayers) have been duly and timely filed and are true, complete and correct. **Section 2.18(a)** of the Company Disclosure Letter lists, as of the date hereof, all of the states, territories and jurisdictions in which such income or franchise Tax Returns with respect to each Taxpayer were filed for the past three years. No claim has been received in writing from any Governmental Authority in a jurisdiction where any Taxpayer does not file a Tax Return asserting that a Taxpayer is or may be subject to Taxes in any such jurisdiction that would be covered by such Tax Return. All Taxes (whether or not reflected on such Tax Returns) for which any Taxpayer is liable have been duly and timely paid. All Taxes required to be withheld by any Taxpayer have been duly and timely withheld, and such withheld Taxes have been either duly and timely paid to the proper Governmental Authority or, to the extent not yet due and payable, properly set aside in accounts for such purpose. Each Taxpayer has complied in all material respects with all information reporting and backup withholding provisions of applicable Law, including the collection and retention of all required exemption certificates and other comparable documentation supporting any claimed exemption or waiver of Taxes on sales or other transactions as to which any Taxpayer would have been obligated to collect or withhold a material amount of Taxes.

(b) **Procedure and Compliance.** As of the date hereof: (i) no written agreement waiving or extending, or having the effect of waiving or extending, the statute of limitations or the period of assessment or collection of any Taxes with respect to any Taxpayer has been filed or entered into with any Governmental Authority; (ii) the time for filing any Tax Return with respect to any Taxpayer has not been extended to a date later than the date of this Agreement; (iii) no Taxes with respect to any Taxpayer are under audit or examination by any Governmental Authority; and (iv) no Governmental Authority has asserted in writing any deficiency with respect to Taxes against any Taxpayer with respect to any taxable period for which the period of assessment or collection remains open.

(c) **Closing Agreements and Consolidation.** No Taxpayer (i) has received or applied for a Tax ruling or entered into a closing agreement pursuant to Section 7121 of the Code (or any predecessor provision or any similar provision of state or local law), in either case that would be binding upon any Taxpayer after the Closing Date, (ii) is or has been a member of any affiliated, consolidated, combined or unitary group (that includes any Person other than the Company and its Subsidiaries) for purposes of filing Tax Returns, (iii) has any liability for the Taxes of any Person (other than another member of the Company Group) under Treasury Regulation Section 1.1502-6 or any similar provision of

state, local or foreign law or (iv) is a party to or bound by any Tax sharing, Tax allocation, Tax indemnification or similar agreement or arrangement (other than customary commercial agreements the primary subject matter of which is not Taxation).

A-19

Table of Contents

(d) Certain Events. No Taxpayer will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) beginning after the day immediately preceding the Closing Date, as a result of any (i) change in (or improper use of) method of accounting for a taxable period ending on or prior to the Closing Date including any adjustment under Section 481 of the Code (or any corresponding provision of state, local or foreign income Tax law) on or prior to the Closing Date, (ii) installment sale or open transaction made on or prior to the Closing Date, (iii) prepaid amount received on or prior to the Closing; or (iv) election under Section 108(i) of the Code (or any corresponding provision of state, local or foreign Tax law). None of the Company and its Subsidiaries that is required to file a U.S. federal income Tax Return has participated in a listed transaction within the meaning of Treasury Regulations Section 1.6011-4(c) within the last five years.

(e) Liens. There are no Liens for Taxes (other than Taxes not yet due and payable) upon any property or assets of any Taxpayer.

(f) S Corp Election. At all times since October 1, 1999, the Company (and any predecessor of the Company) has had in effect a valid election to be treated as an S corporation within the meaning of Sections 1361 and 1362 of the Code and in each state where the Company is required to file Tax Returns in respect of income (or similar) tax (collectively, the S Election).

(g) QSub Status. At all times since October 1, 1999, each Subsidiary has been properly treated as a qualified subchapter S subsidiary within the meaning of Section 1361(b)(3)(B) of the Code.

(h) Other than as provided in Section 2.17, the representations and warranties set forth in this Section 2.18 are the sole representations and warranties of the Company relating to Taxes and no other representations or warranties of the Company contained in this Agreement shall be construed to cover any matter involving Taxes.

Section 2.19 Insurance. Section 2.19 of the Company Disclosure Letter lists all current property and liability insurance policies covering the Company, its Subsidiaries or the assets of the Company and its Subsidiaries. All such insurance policies are in full force and effect and provide insurance in such amounts and against such risks as the management of the Company reasonably believes to be prudent in accordance with industry practices or as is required by Law or in order to not be in material breach of or default under of any Company Material Contract, and no premiums thereon are past due (and, as of the Closing Date, no premiums thereon will be past due), and no written notice of cancellation, termination or revocation or other written notice that any such insurance policy is no longer in full force or effect or that the issuer of any policy is not willing or able to perform its obligations thereunder has been received by the Company or any of its Subsidiaries. True and complete copies of all such policies have been made available to Buyer. Neither the Company nor any of its Subsidiaries is in material breach or default of any of such insurance policies. Neither the Company nor any of its Subsidiaries has made any claim under any such insurance policy during the two-year period prior to the date of this Agreement, with respect to which an insurer has, in a written notice to the Company or any of its Subsidiaries, denied coverage.

Section 2.20 Finders Fees. Except for Rockdale Partners, whose fees and expenses (unless paid by the Company on or prior to the Closing Date) will be Unpaid Transaction Expenses and will be paid in the manner set forth in Section 1.7(b)(iii), there is no investment banker, broker, finder or other intermediary retained by, or authorized to act on behalf of, the Stockholders, the Company or any of its Subsidiaries, who might be entitled to any fee or commission from Buyer or any of its Affiliates (including, after the Closing, the Surviving Corporation) upon consummation of the transactions contemplated hereby.

Section 2.21 Affiliate Transactions. Section 2.21 of the Company Disclosure Letter sets forth as of the date hereof all Contracts or other transactions, agreements or binding arrangements between the Company or any of its Subsidiaries,

on the one hand, and any (i) Affiliate of the Company, (ii) Stockholder, (iii) Affiliate of any Stockholder or (iv) officer or director of the Company or any of its Subsidiaries, on the other hand (other than any such Contracts, transactions, agreements or arrangements which would be a Company Benefit Plan) (provided that solely for purposes of this Section 2.21 the Company's Subsidiaries shall not be deemed to be Affiliates of the Company).

A-20

Table of ContentsSection 2.22 Privacy.

(a) The Company's or any of its Subsidiaries' collection, use or disclosure of Personal Information from or about listeners to the Company Stations or users of the Company's technology platforms, including, without limitation, websites, web pages, interactive features, applications, Twitter and Facebook pages, and mobile application (Platforms), is being and, for the past three years, has been conducted in material compliance with Privacy Laws, applicable Contracts with other Persons and with the then-current Privacy Policies and terms of use posted on the applicable Platform, except, in each case, as would not, individually or in the aggregate, be reasonably expected to be materially adverse to the Company and its Subsidiaries, taken as a whole.

(b) The Company's written listener or user facing privacy policies, including any privacy policies or similar disclosures contained on any websites or mobile applications maintained by or on behalf of the Company or otherwise communicated by the Company in writing to third Persons (collectively, the Privacy Policies), are, and during the past three years, have been, complete, accurate, and fully implemented, except, in each case, as would not reasonably be expected, individually or in the aggregate, to be materially adverse to the Company and its Subsidiaries, taken as a whole.

(c) Assuming the Surviving Corporation maintains, implements and enforces the Company's existing Privacy Policies, neither this Agreement nor the transactions contemplated hereby will violate any of the Company's Privacy Policies as they currently exist. With respect to all Personal Information collected by the Company, the Company has taken commercially reasonable measures to protect such Personal Information against loss and against unauthorized access, use, modification, disclosure or other misuse. For the past three years, to the Knowledge of the Company, there has been no (i) theft, breach, loss, or other misuse of any Personal Information or (ii) unauthorized disclosure of electronic communications or Personal Information to any third party, including any Governmental Authority.

Section 2.23 Advertisers. Section 2.23(a) of the Company Disclosure Letter sets forth a complete and accurate list of the advertisers that have provided, whether pursuant to a Contract or otherwise, aggregate payments to the Company or its Subsidiaries of \$300,000 or more during the 12-month period ending on May 31, 2016 (collectively, the Material Advertisers), showing the aggregate total payments to the Company or its Subsidiaries for each such advertiser for such 12-month period. Except as set forth on Section 2.23(b) of the Company Disclosure Letter, as of the date hereof, to the Knowledge of the Company, none of the Material Advertisers listed on Section 2.23(b) of the Company Disclosure Letter have terminated their relationship with the Company or any of its Subsidiaries, nor, to the Knowledge of the Company, has the Company or any of its Subsidiaries received written notice that any Material Advertiser listed on Section 2.23(b) of the Company Disclosure Letter intends to stop doing business with the Company or any of its Subsidiaries.

Section 2.24 EXCLUSIVITY OF REPRESENTATIONS AND WARRANTIES. NOTWITHSTANDING THE DELIVERY OR DISCLOSURE TO BUYER OR MERGERCO OR THEIR RESPECTIVE AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES OF ANY DOCUMENTATION OR OTHER INFORMATION (INCLUDING ANY FINANCIAL PROJECTIONS OR OTHER SUPPLEMENTAL DATA), EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS ARTICLE II, THE COMPANY EXPRESSLY DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, WITH RESPECT TO THE COMPANY AND ITS SUBSIDIARIES OR THE TRANSACTIONS CONTEMPLATED HEREBY INCLUDING AS TO THE CONDITION, VALUE, QUALITY OR PROSPECTS OF THEIR BUSINESSES OR THEIR ASSETS, AND THE COMPANY SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO ITS ASSETS, ANY PART THEREOF, THE WORKMANSHIP THEREOF, AND THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT

OR PATENT, IT BEING UNDERSTOOD THAT, SUBJECT TO THE EXPRESS TERMS OF THIS AGREEMENT, SUCH SUBJECT ASSETS ARE BEING ACQUIRED AS IS, WHERE IS ON THE CLOSING DATE, AND IN THEIR PRESENT

A-21

Table of Contents

CONDITION, AND BUYER AND MERGERCO HAVE RELIED SOLELY ON THEIR OWN EXAMINATION AND INVESTIGATION THEREOF AND ON THE REPRESENTATIONS AND WARRANTIES OF THE COMPANY EXPRESSLY SET FORTH IN THIS ARTICLE II.

ARTICLE 3

Representations and Warranties of the Buyer Parties

Except (a) as set forth in the Buyer Disclosure Letter (it being understood and agreed that each disclosure set forth in the Buyer Disclosure Letter shall be deemed to qualify or modify each of the representations and warranties set forth in this Article 3 to the extent the applicability of the disclosure to such representation and warranty is reasonably apparent from the text of the disclosure made) and (b) as disclosed in the Buyer SEC Documents that were publicly available on the website of the SEC at least two Business Days prior to the date hereof and after December 31, 2014 (provided that nothing disclosed in such Buyer SEC Documents shall be deemed to be a qualification of or a modification to the representations and warranties set forth in Section 3.2, Section 3.3, Section 3.10(b) or Section 3.16), solely to the extent it is reasonably apparent solely from the face of such disclosure that any such disclosure set forth in such Buyer SEC Documents would qualify the applicable representations and warranties contained herein, and other than disclosures in the Risk Factors sections of any such filings and any other disclosures included in such filings that are predictive or forward-looking in nature, Buyer hereby represents and warrants to the Company as of the date of this Agreement and as of the Closing Date as follows:

Section 3.1 Corporate Status.

(a) Buyer is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware and has all requisite corporate power and authority to carry on its business as now conducted. MergerCo is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Delaware and has all requisite corporate power and authority to carry on its business as now conducted. Buyer is duly qualified to do business as a foreign corporation and is in good standing (where such concept is recognized) in all jurisdictions in which it is required to be so qualified or in good standing, except where the failure to be so qualified or in good standing would not reasonably be expected, individually or in the aggregate, to have a Buyer Material Adverse Effect. Each of the Organizational Documents of Buyer is in full force and effect, and Buyer is not in violation of any of the provisions of such documents other than immaterial violations. Buyer has the corporate power and authority to own and operate Buyer's Stations, to use the Buyer Station assets and to carry on the business of the Buyer Stations.

(b) MergerCo was formed solely for the purpose of engaging in the transactions contemplated by this Agreement. All of the issued and outstanding capital stock of MergerCo is validly issued, fully paid and non-assessable and is owned, beneficially and of record, by an indirect, wholly owned subsidiary of Buyer free and clear of all Liens.

(c) Except for (i) obligations or liabilities incurred in connection with its incorporation or organization, (ii) this Agreement or in furtherance of the transactions contemplated hereby and (iii) as would not, individually or in the aggregate, prevent or materially delay the consummation of the Merger or the ability of MergerCo to fully perform its covenants and obligations under this Agreement, MergerCo has not incurred, directly or indirectly, through any of its Subsidiaries or Affiliates, any obligations or liabilities or engaged in any business activities of any type or kind whatsoever or entered into any agreements or arrangements with any Person.

Section 3.2 Corporate and Governmental Authorization.

(a) Each Buyer Party has all requisite corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and, subject to the Buyer Stockholder Approval and the adoption of this

A-22

Table of Contents

Agreement by the sole stockholder of MergerCo (which adoption will occur within 24 hours of the execution of this Agreement), to consummate the transactions contemplated hereby (including the Merger). The execution and delivery of this Agreement by each Buyer Party and all of the Ancillary Documents and Investor Agreements to be executed and delivered by either Buyer Party to the Company, the performance of each Buyer Party's obligations hereunder and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate action of each Buyer Party other than the Buyer Stockholder Approval and adoption of this Agreement by the sole stockholder of MergerCo, and, other than obtaining the Buyer Stockholder Approval and the adoption of this Agreement by the sole stockholder of MergerCo, no additional corporate proceedings on the part of any Buyer Party are necessary to authorize the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby. This Agreement has been, and at the time they are executed and delivered each Ancillary Document to which a Buyer Party is a party will be, duly executed and delivered by each applicable Buyer Party. This Agreement does, and when executed the Ancillary Documents and Investor Agreements to which a Buyer Party is a party will, constitute a legal, valid and binding obligation of each such Buyer Party, enforceable against each such Buyer Party in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium, receivership or similar Laws relating to or affecting creditors' rights generally and by general principles of equity (whether considered at law or in equity).

(b) The execution, delivery and performance of this Agreement by each Buyer Party and the consummation of the transactions contemplated hereby (including the Merger) require no material action by or in respect of, or filing with or notification to, any Governmental Authority with respect to the Buyer Parties other than (i) the filing of the Certificate of Merger with the Delaware Secretary of State, (ii) compliance with any applicable requirements of the HSR Act, (iii) compliance with any applicable requirements of the Buyer FCC Licenses or Communications Laws (including obtaining the FCC Consent), (iv) compliance with any applicable requirements of the Securities Act, the Exchange Act, any other applicable U.S. federal or state securities Laws or blue sky Laws, including the filing with the SEC of an information statement to be filed by Buyer with respect to the Buyer Stockholder Approval (as amended or supplemented from time to time, the Information Statement) and (v) any actions or filings under Law (other than the Laws referred to in clause (ii), (iii) and (iv)) the absence of which would not reasonably be expected, individually or in the aggregate, to materially impair, prevent or materially delay the ability of Buyer to consummate the transactions contemplated by this Agreement (including the Merger).

(c) The affirmative vote of stockholders who collectively own a majority of the outstanding shares of Buyer's voting stock in favor of the issuance of the Common Stock Consideration as required under the rules of NASDAQ (the Buyer Stockholder Approval) is the only vote of the holders of any class or series of capital stock of Buyer necessary to approve the transactions contemplated by this Agreement.

Section 3.3 Non-Contravention. The execution and delivery of this Agreement by each Buyer Party and the performance of its obligations hereunder (including the Merger) do not (i) conflict with or breach any provision of the Organizational Documents of either Buyer Party, (ii) assuming compliance with the matters referred to in Sections 3.2(b) and (c), conflict in any material respect with or materially breach any provision of any Law applicable to either Buyer Party or any of their respective properties or assets, (iii) require any notice to or consent of or other action by any Person under, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, or cause or permit termination, cancellation, amendment, acceleration or other change of any right or obligation or the loss of any benefit under, any provision of any Contract that is material to Buyer or any of its Subsidiaries or any material Permit affecting either Buyer Party, except in each case as would not reasonably be expected, individually or in the aggregate, to be materially adverse to Buyer and its Subsidiaries, taken as a whole, or to prevent or materially delay the Closing or (iv) result in the creation or imposition of any material Lien other than Permitted Liens on any property or assets of either Buyer Party.

A-23

Table of Contents

Section 3.4 Financing.

(a) Buyer has delivered to the Company a true, complete and correct copy of a fully executed commitment letter dated as of the date hereof (the Commitment Letter) from Royal Bank of Canada and U.S. Bank National Association pursuant to which the Debt Financing Sources party thereto have agreed, subject to the terms and conditions set forth therein, to provide the debt financing in an aggregate amount set forth therein for the purposes of financing the transactions contemplated by this Agreement (including funding the Cash Consideration) and related fees and expenses. The debt financing committed pursuant to the Commitment Letter is collectively referred to in this Agreement as the Financing. Buyer has delivered to the Company true, complete and correct copies of any fee letters related to the Commitment Letter, subject, in the case of such fee letters, to redaction solely of fee and other provisions that are customarily redacted in connection with merger agreements of this type.

(b) Except as expressly set forth in the Commitment Letter, there are no conditions precedent to the obligations of the Debt Financing Sources party thereto to provide the Financing or any contingencies that would permit such Debt Financing Sources to reduce the total amount of the Financing. Assuming the satisfaction of the conditions set forth in Sections 6.1, 6.2 and 6.3, as of the date hereof, Buyer does not have any reason to believe that it will be unable to satisfy (on the date on which the Closing is required to occur pursuant to Section 1.2) all terms and conditions to be satisfied by it in the Commitment Letter on or prior to the Closing Date, nor does Buyer have knowledge as of the date hereof that any of the Debt Financing Sources party thereto will not perform its obligations thereunder.

(c) Assuming the Financing is funded in accordance with the Commitment Letter, the amount of funds to be provided pursuant to the Financing, together with any cash-on-hand of Buyer and its Subsidiaries, shall provide Buyer with cash proceeds on the Closing Date sufficient for the satisfaction of all of Buyer's and MergerCo's obligations under this Agreement and under the Commitment Letter to pay (i) the Cash Consideration and (ii) the fees and expenses of Buyer and MergerCo related to the transactions contemplated hereby.

(d) The Commitment Letter is a legal, valid and binding obligation of Buyer and, to the Knowledge of Buyer, the other parties thereto, and is in full force and effect. As of the date hereof, no event has occurred that, with or without notice, lapse of time, or both, would reasonably be expected to constitute a default or breach or a failure to satisfy a condition precedent on the part of Buyer under the terms and conditions of the Commitment Letter. Buyer has paid in full any and all commitment fees or other fees required to be paid pursuant to the terms of the Commitment Letter on or before the date of this Agreement, and will pay in full any additional amounts due on or before the Closing Date. The Commitment Letter has not been modified, amended or altered as of the date hereof and none of the commitments under the Commitment Letter has been withdrawn or rescinded in any respect, and, to the Knowledge of Buyer, no withdrawal or rescission thereof is contemplated as of the date of this Agreement.

(e) In no event shall the receipt or availability of any funds or financing (including, for the avoidance of doubt, the Financing) by Buyer or any Affiliate or any other financing or other transactions be a condition to any of Buyer's or MergerCo's obligations hereunder.

Table of Contents

Section 3.5 Solvency. Assuming the accuracy of the representations and warranties set forth in Article 2 and that (a) the conditions to the obligation of Buyer and MergerCo to consummate the Merger have been satisfied or waived and (b) the Financial Statements fairly present the consolidated financial condition of the Company and its Subsidiaries as at the end of the periods covered thereby and the consolidated results of operations of the Company and its Subsidiaries for the periods covered thereby, then at and immediately after the Effective Time, after giving effect to all of the transactions contemplated by this Agreement, including the Financing, Buyer and the Surviving Corporation will be Solvent. For purposes of this Section 3.5, Solvent means, with respect to any Person, that, as of any date of determination:

(a) the fair saleable value (determined on a going concern basis) of the assets of such Person shall be greater than the total amount of such Person's liabilities (contingent or otherwise) as of such date;

(b) such Person shall be able to pay its debts and obligations as of such date in the ordinary course of business as they become due; and

(c) such Person will not have, as of such date, an unreasonably small amount of capital to carry on its businesses and all businesses in which it is about to engage.

Section 3.6 Litigation.

(a) There is no Litigation pending against, or, to the Knowledge of Buyer, threatened in writing against or affecting, either Buyer Party before any court or arbitrator or any Governmental Authority which in any manner challenges or seeks to prevent, enjoin or materially delay the ability of Buyer to consummate the transactions contemplated by this Agreement (including the Merger).

(b) All material Litigation involving Buyer or its Subsidiaries as of the date hereof is disclosed in the Buyer SEC Documents.

Section 3.7 FCC Licenses.

(a) Buyer or its Subsidiaries are the holders of the licenses, permits, authorizations, and registrations set forth in Section 3.7 of the Buyer Disclosure Letter. Section 3.7 of the Buyer Disclosure Letter sets forth as of the date hereof: (i) all of the licenses, permits, authorizations, and registrations issued by the FCC to Buyer or its Subsidiaries and (ii) all of the licenses, permits, authorizations, and registrations that are required to operate or are otherwise material to the Buyer's business ((i) and (ii) collectively, the Buyer FCC Licenses). Neither Buyer nor any of its Subsidiaries holds any license, permit, authorization, or registration respecting any broadcast facility other than the stations specifically identified in Section 3.7 of the Buyer Disclosure Letter.

(b) The Buyer FCC Licenses are in full force and effect in accordance with their terms and have not been revoked, suspended, canceled, rescinded, adversely modified, or terminated and have not expired. The Buyer Subsidiary holding each Buyer FCC License is, under existing law and the existing rules, regulations, policies and procedures of the FCC, qualified to do so and to own and operate the facilities authorized thereby.

(c) Section 3.7 of the Buyer Disclosure Letter sets forth as of the date hereof all applications, pending before the FCC and (i) submitted by Buyer or any of its Subsidiaries or (ii) respecting the Buyer, any of its Subsidiaries, or any Buyer FCC License. To the Knowledge of Buyer, there are no facts or circumstances that might reasonably be expected to (i) result in the FCC's refusal to renew any Buyer FCC License, (ii) materially delay the FCC's renewal of any Buyer FCC License, (iii) result in a challenge to any application seeking renewal of any Buyer FCC License, (iv) cause the

FCC to impose a material condition or conditions on its renewal of any Buyer FCC License, or (y) cause the FCC to renew any Buyer FCC License on terms materially different than those in existence as of the date hereof.

A-25

Table of Contents

(d) No action is pending or to Buyer's Knowledge threatened by or before the FCC to revoke, suspend, cancel, rescind or materially and adversely modify any of the Buyer FCC Licenses (other than proceedings to amend FCC rules of general applicability). There is not issued, outstanding, or threatened, by or before the FCC, any order to show cause, notice of violation, notice of apparent liability or order of forfeiture against Buyer or any of its Subsidiaries that would reasonably be expected to: (i) result in any such action or (ii) otherwise materially and adversely affect the operations of Buyer or any of its Subsidiaries.

Section 3.8 Buyer SEC Documents: Undisclosed Liabilities: Financial Statements, etc.

(a) Buyer has filed or furnished, as applicable, on a timely basis, all required reports, schedules, forms, certifications, prospectuses, and registration, proxy and other statements with the Securities and Exchange Commission (SEC) (collectively and together with all documents filed on a voluntary basis on Form 8-K, and in each case, including all exhibits and schedules thereto and documents incorporated by reference therein, as have been supplemented, modified or amended since the time of filing, the Buyer SEC Documents) during the past three years. Each of the Buyer SEC Documents, at the time of its filing or being furnished, complied, or if not yet filed or furnished, will comply, in all material respects, with the applicable requirements of the Securities and Exchange Act of 1934, as amended (the Exchange Act), the Securities Act of 1933, as amended (the Securities Act) and the Sarbanes-Oxley Act of 2002, and any rules and regulations promulgated thereunder applicable to the Buyer SEC Documents. As of their respective dates (or, if amended prior to the date hereof, as of the date of such amendment), the Buyer SEC Documents did not, and any Buyer SEC Documents filed with or furnished to the SEC subsequent to the date hereof will not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading.

(b) Buyer has described in the Buyer SEC Documents and, to the extent required by Law, filed with, the SEC all Contracts or other transactions, agreements or binding arrangements between Buyer or any of its Subsidiaries, on the one hand, and any (i) Affiliate of Buyer, (ii) Beasley Holder or holder of more than 5 percent of Buyer's Class A common stock, (iii) Affiliate of any Beasley Holder or any holder of more than 5 percent of Buyer's Class A common stock or (iv) officer or director of Buyer or any of its Subsidiaries, on the other hand.

(c) Except (i) for liabilities and obligations disclosed or reserved against in the financial statements included in the Buyer SEC Documents, (ii) for liabilities and obligations incurred in the ordinary course of Buyer's business consistent with past practice since December 31, 2015, (iii) as set forth in Section 3.8 of the Buyer Disclosure Letter and (iv) for liabilities which would not reasonably be expected, individually or in the aggregate, to be material to Buyer and its Subsidiaries, taken as a whole, since December 31, 2015, Buyer and its Subsidiaries have not incurred any liabilities or obligations that would be required by GAAP to be disclosed or reflected in or reserved against in a consolidated audited balance sheet or the notes thereto prepared in accordance with GAAP.

(d) The financial statements of Buyer (including any related notes and schedules thereto) contained in or incorporated by reference into the Buyer SEC Documents (the Buyer Financial Statements) have been, or if contained in Buyer SEC Documents that have not yet been filed or furnished, will be, prepared in accordance with GAAP applied on a consistent basis (except as may be indicated in the notes thereto and, in the case of unaudited interim financial statements, as may be permitted by the rules and regulations of the SEC applicable to such Quarterly Report on Form 10-Q). The Buyer Financial Statements present, or if contained in Buyer SEC Documents that have not yet been filed or furnished will, accurately reflect the books and records of Buyer and its Subsidiaries and present fairly in all material respects the consolidated financial position, results of operations and cash flows of Buyer and its Subsidiaries at and for the respective periods indicated (subject, in the case of the unaudited financial statements included in the Buyer Financial Statements, to normal year-end adjustments and any other adjustments described therein and as may be permitted by the SEC on Form 10-Q, Form 8-K or any successor or like form under the Exchange Act).

Table of Contents

(e) Each of the principal executive officer of Buyer and the principal financial officer of Buyer has made all certifications required by Rule 13a-14 or Rule 15d-14 under the Exchange Act or Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 and the rules and regulations of the SEC promulgated thereunder with respect to the Buyer SEC Documents and the statements contained in such certifications are true and accurate. For purposes of the preceding sentence, principal executive officer and principal financial officer shall have the meanings given to such terms in the Sarbanes-Oxley Act of 2002.

(f) Buyer maintains a system of internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) as required by Rules 13a-15 or 15d-15 of the Exchange Act that is sufficient to provide reasonable assurance (i) regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, (ii) that receipts and expenditures of Buyer are being made only in accordance with authorizations of management, and (iii) regarding prevention or timely detection of the unauthorized acquisition, use or disposition of Buyer's assets that could have an adverse effect on Buyer's financial statements. Buyer maintains disclosure controls and procedures within the meaning of Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Such disclosure controls and procedures are designed and maintained to ensure that information relating to Buyer, including its consolidated subsidiaries, required to be disclosed in Buyer's reports under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that all such material information is accumulated and communicated to the Buyer's principal executive officer and its principal financial officer by others employed by Buyer to allow timely decisions regarding required disclosure under the Exchange Act and to make the certifications required pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act. Buyer has disclosed to its auditors and the audit committee of its Board of Directors (A) any significant deficiency or material weaknesses (as such terms are defined in Rule 1-02(a)(4) of Regulation S-X) in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect in any material respect its ability to timely record, process, summarize and report financial information, and (B) any fraud, whether or not material, that involves management or other employees of Buyer and its subsidiaries who have a significant role in its internal controls over financial reporting.

(g) Buyer is in compliance in all material respects with the listing and corporate governance rules and regulations of NASDAQ applicable to Buyer.

Section 3.9 Capitalization; Stock Consideration.

(a) The authorized capital stock of Buyer as of July 15, 2016 consists of 150,000,000 shares of Class A common stock, par value \$0.001 per share, of which 9,584,286 are issued of which 6,654,024 are outstanding and 2,930,262 are held in treasury, 75,000,000 shares of Class B common stock, par value \$0.001 per share, of which 16,662,743 shares are issued and outstanding and 10,000,000 shares of preferred stock, par value \$0.001 per share, of which none are issued and outstanding. All of the issued and outstanding shares of Buyer's capital stock have been duly authorized, validly issued and are fully paid and nonassessable and were not issued in violation of the preemptive, subscription or similar rights of any Person.

(b) Except as set forth in Section 3.9(a), there are no outstanding (i) shares of capital stock of or other voting or equity interests in Buyer, (ii) securities of Buyer convertible into or exercisable or exchangeable for shares of capital stock of or other voting or equity interests in Buyer, (iii) options, warrants or other rights or agreements, commitments or understandings of any kind to acquire from Buyer, or other obligation of Buyer or any of its Subsidiaries or any of the Beasley Holders to issue, acquire, transfer or sell, any shares of capital stock of or other voting or equity interests in Buyer or securities convertible into or exercisable or exchangeable for shares of capital stock of or other voting or equity interests in Buyer, (iv) obligations of Buyer or any of its Subsidiaries to grant, extend or enter into a subscription, warrant, right, convertible or exchangeable security or other similar Contract relating to any capital stock

of, or other equity or voting interest (including any voting debt) in, Buyer, (v) restricted shares, restricted share units, stock appreciation rights, performance shares, contingent value rights or similar securities or rights that are derivative of, or provide economic benefits based, directly or indirectly, on

A-27

Table of Contents

the value or price of, any capital stock of, or other voting securities or ownership interests in, Buyer, (vi) voting trusts, proxies or other similar agreements or understandings with respect to the voting of any shares of capital stock of Buyer or other voting or equity interests in Buyer or any of its Subsidiaries or to which Buyer or any of its Subsidiaries or any of the Beasley Holders is a party or by which Buyer or any of its Subsidiaries or any of the Beasley Holders is bound with respect to the voting of any shares of capital stock of or other voting or equity interests in Buyer or any of its Subsidiaries or any such agreements or understandings to which Buyer or any of its Subsidiaries or any of the Beasley Holders is a party which restrict the transfer of any such shares, (vii) contractual obligations or commitments of any character requiring the registration for sale of any shares of capital stock of or other voting or equity interests in Buyer or any of its Subsidiaries or (viii) obligations of any kind with respect to any phantom stock rights, phantom stock appreciation rights or other phantom equity interest related to the capital stock of Buyer. No shares of capital stock of Buyer were issued in violation of any Law. There are no outstanding obligations of Buyer or any of its Subsidiaries or any of the Beasley Holders to repurchase, redeem or otherwise acquire any securities of Buyer referred to in clause (i) (v) of the foregoing sentence.

(c) The shares of Buyer capital stock issuable as part of the Stock Consideration will have been duly authorized and, when issued and delivered in accordance with the terms of this Agreement, will have been fully paid and non-assessable and the issuance thereof will not be subject to any pre-emptive rights. The issuance of the shares of Buyer capital stock as part of the Stock Consideration requires the vote or approval of the shareholders of Buyer under the rules of NASDAQ.

Section 3.10 Absence of Certain Changes. Since December 31, 2015, except as otherwise expressly contemplated by this Agreement, (a) the business of Buyer and its Subsidiaries has been conducted in all material respects in the ordinary course and (b) there has been no Buyer Material Adverse Effect.

Section 3.11 Compliance with Laws; Licenses and Permits.

(a) Buyer and its Subsidiaries are, and during the past three years have been, in compliance in all material respects with all Laws to the extent applicable to Buyer or any of its Subsidiaries or by which any material property or asset of Buyer or any of its Subsidiaries is bound, and, to the Knowledge of Buyer, as of the date hereof are not under investigation by any Governmental Authority with respect to any actual or alleged material violation of any applicable Laws nor has any Governmental Authority indicated to Buyer in writing an intention to conduct any such investigation.

(b) As of the date hereof Buyer has not received any written (or to the Knowledge of the Buyer, oral) communication from any Governmental Authority during the past three years, alleging any failure on its part to comply in any material respect with any Law.

(c) Buyer and its Subsidiaries have all Permits necessary to, affecting, or relating to, the ownership of the material assets and/or the operation of the Buyer's business as currently conducted, except those the failure of which to hold would not reasonably be expected, individually or in the aggregate, to be material to Buyer or any of its Subsidiaries or to the operation of a Buyer Station (the Buyer Permits). The Buyer Permits are valid and in full force and effect, neither Buyer nor any of its Subsidiaries is in material default under the Buyer Permits and none of the Buyer Permits will be terminated as a result of the transactions contemplated hereby. As of the date hereof neither Buyer nor any of its Subsidiaries has received written notice of the pending suspension or cancellation of any Buyer Permits.

Section 3.12 Employees, Labor Matters, etc. Neither Buyer nor any of its Subsidiaries is a party to or is otherwise bound by any collective bargaining agreement and, as of the date hereof, there are no labor unions or other organizations or groups representing any employees employed by Buyer or any of its Subsidiaries. There is no

pending or, to the Knowledge of Buyer, threatened strike, slowdown, picketing or work stoppage by, or lockout of, or other similar labor activity or organizing campaign with respect to, any employees of Buyer or any of its Subsidiaries as of the date hereof.

A-28

Table of Contents

Section 3.13 Employee Benefit Plans and Related Matters; ERISA.

(a) Qualification. Each Buyer Benefit Plan intended to be qualified under section 401(a) of the Code, and the trust (if any) forming a part thereof, has received a favorable determination letter from the IRS and no such determination letter has been revoked. To the Knowledge of Buyer, there are no existing circumstances or events that would reasonably be expected to adversely affect the qualified status of any such Buyer Benefit Plan.

(b) Title IV Plans. No Buyer Benefit Plan is a Multiemployer Plan or is subject to Title IV of ERISA or the minimum funding standards of Section 302 of ERISA or Section 412 of the Code and, in the last six years, neither Buyer, any of its Subsidiaries nor any of their ERISA Affiliates sponsored, maintained, contributed to or was obligated to contribute to a Multiemployer Plan or a multiple employer plan within the meaning of section 4063 or 4064 of ERISA or a plan that is subject to Title IV of ERISA.

Section 3.14 Tax Matters.

(a) All material Tax Returns required to be filed by, on behalf of or with respect to Buyer or any of its Subsidiaries have been duly and timely filed and are complete and correct in all material respects. All material Taxes (whether or not reflected on such Tax Returns) required to be paid by Buyer or any of its Subsidiaries have been duly and timely paid. All material Taxes required to be withheld by Buyer or any of its Subsidiaries have been duly and timely withheld, and such withheld Taxes have been either duly and timely paid to the proper Governmental Authority or properly set aside in accounts for such purpose.

(b) The representations and warranties set forth in this Section 3.14 are the sole representations and warranties of Buyer relating to Taxes and no other representations or warranties of Buyer contained in this Agreement shall be construed to cover any matter involving Taxes.

Section 3.15 Finders Fees. Except for RBC Capital Markets, LLC, whose fees and expenses will be paid by Buyer, there is no investment banker, broker, finder or other intermediary retained by or authorized to act on behalf of Buyer who might be entitled to any fee or commission from Buyer or any of its Affiliates upon consummation of the transactions contemplated by this Agreement.

Section 3.16 No Additional Representations; Inspection. Each of Buyer and MergerCo acknowledges and agrees that it (a) has made its own independent review and investigations into and, based thereon, has formed an independent judgment concerning, the Company's business, assets, condition, operations and prospects of the Company and its Subsidiaries, (b) has had such time as it deems necessary and appropriate to fully and completely review and analyze such information, documents and other materials provided or made available to Buyer or any of its respective directors, officers, employees, equityholders, agents, representatives, Debt Financing Sources or Affiliates by or on behalf of the Company and (d) has been provided an opportunity to ask questions of and receive answers from the Company with respect to such information, documents and other materials. In entering into this Agreement, each of Buyer and MergerCo has relied solely upon its own investigation and analysis and the representations and warranties of the Company set forth in this Agreement or the Company Disclosure Letter, and each of Buyer and MergerCo acknowledges that, except for the representations and warranties set forth in this Agreement or the Company Disclosure Letter, (x) none of the Company or any of its Subsidiaries or any of their respective directors, officers, employees, Affiliates, equityholders, agents or representatives makes or has made any representation or warranty, either express or implied, including any implied warranty of merchantability or suitability, (i) as to the accuracy or completeness of any of the information provided or made available to Buyer or any of its respective directors, officers, employees, equityholders, agents, representatives, Debt Financing Sources or Affiliates or (ii) with respect to any projections, forecasts, estimates, plans or budgets of future revenues, expenses or expenditures, future results of

operations (or any component thereof), future cash flows (or any component thereof) or future financial condition (or any component thereof) of the Company or any of its Subsidiaries heretofore or hereafter delivered to or made available to Buyer or any of its directors, officers, employees, equityholders, agents, representatives, Debt

A-29

Table of Contents

Financing Sources or Affiliates and (y) it has not been induced by or relied upon any representation, warranty, inducement, promise or other statement, express or implied, made by the Company or any of its Subsidiaries or any of their respective directors, officers, employees, Affiliates, equityholders, agents or representatives or any other person.

ARTICLE 4

Certain Covenants

Section 4.1 Conduct of the Business.

(a) Conduct of Business of the Company. From the date hereof until the Closing, except as otherwise expressly contemplated by this Agreement (including, for the avoidance of doubt, Section 1.7(f)(iv), Section 4.13 and Section 4.19), as required by Law or as set forth in Section 4.1(a) of the Company Disclosure Letter or otherwise requested or consented to in writing by Buyer, which consent shall not be unreasonably conditioned, withheld or delayed, the Company shall and shall cause its Subsidiaries to (a) conduct their respective businesses in the ordinary course in substantially the same manner as currently conducted and (b) use commercially reasonable efforts to (i) preserve substantially intact their respective business organizations and (ii) preserve their material assets and material properties, and the Company shall not and shall not permit any of its Subsidiaries to:

(i) amend or otherwise change its certificate of incorporation or by-laws or take or authorize any action to wind up its affairs or dissolve;

(ii) (A) amend in any respect or terminate any Company Benefit Plan or collective bargaining agreement or establish any new arrangement that would (if it were in effect on the date hereof) constitute a Company Benefit Plan, including the entry into any new employment Contracts or the renewal of any employment contract with any employees, provided that the Company may renew employment Contracts with employees if such renewals are consistent with the Company's 2016 annual budget, which has been provided to Buyer prior to the date hereof and which reflects the actions taken by the Company in 2016 prior to the date hereof to reduce costs, including staff reductions, (B) take any action to increase the rate of compensation or accelerate the vesting or payment of compensation or benefits payable or to become payable to any of its current or former employees, officers or other individual service providers, (C) grant any severance or termination payments or benefits to any of its current or former employees or other individual service providers, or (D) grant or materially amend the terms of any equity based awards (with respect to equity securities of the Company or any of its Subsidiaries) granted to any current or former employees, officers or other individual service providers, other than, in each case, to the extent required under any Company Benefit Plan in effect on the date hereof or by applicable Law;

(iii) hire any officer of the Company;

(iv) issue, sell or grant options, warrants or rights to purchase or subscribe to, enter into any arrangement or contract with respect to, issuing, selling, transferring, granting, delivering or authorizing, propose agree to or commit to the issuance or sale of, or redeem, repurchase or otherwise acquire any securities of the Company or any of its Subsidiaries or securities convertible into, or exchangeable or exercisable for, any such securities or make any changes (by combination, reorganization or otherwise) in the capital structure of the Company or any of its Subsidiaries;

(v) sell, assign, transfer, pledge, dispose of, lease, license, mortgage, encumber, abandon, dedicate to the public, permit to lapse or fail to maintain or grant any Lien (other than a Permitted Lien) on, any of its material property or assets, in each case, except for the sale of property or assets that are obsolete in the ordinary course of business consistent with past practice;

(vi) make any change to its accounting policies, methods, procedures or practices, except as required by GAAP or applicable Law;

A-30

Table of Contents

(vii) make, change or revoke any material accounting method for federal income tax purposes or any material election in respect of Taxes, consent to any extension or waiver of the limitation period applicable to any claim, assessment or collection of Taxes, file any amended material Tax Return or take any other action with respect to Taxes that would reasonably be expected to materially increase the present or future Tax liability or materially decrease any present or future Tax asset of the Buyer or any of its Affiliates (including the Taxpayers) on or after the Closing Date;

(viii) merge or consolidate with any other Person or adopt a plan of complete or partial liquidation or resolutions providing for a complete or partial liquidation, dissolution, restructuring, recapitalization or other reorganization;

(ix) assume, amend, modify, renew, extend, waive any material provisions of or terminate any Company Material Contract or any agreement that provides for aggregate payments to the Company or its Subsidiaries of more than \$300,000 during any 12-month period;

(x) enter into any Contract that would be a Company Material Contract if entered into prior to the date hereof or any agreement that provides for aggregate payments to the Company or its Subsidiaries of more than \$300,000 during any 12-month period;

(xi) incur, create, assume or otherwise become liable for any Indebtedness (other than drawings under the Company's current credit facilities to fund the Company's and its Subsidiaries' payroll requirements and related taxes and expenses which will be paid off at the Effective Time) or issue any debt securities or, assume or guarantee or endorse the obligations of any Person (other than a Subsidiary of the Company);

(xii) (A) declare, set aside or pay any dividend or other distribution (whether in stock or property) in respect of, or make any other actual, constructive or deemed distribution with respect to, its capital stock, except dividends paid by a direct or indirect wholly-owned Subsidiary of the Company to the Company or any of the Company's other direct wholly-owned Subsidiaries, or (B) split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock;

(xiii) make or commit to make any capital expenditures or commitments for capital expenditures in excess of \$500,000 in the aggregate in any calendar quarter (or incur any obligations or liabilities in connection therewith);

(xiv) forgive, cancel or compromise any non-de minimis debt or claim, or waive or release any right of non-de minimis value;

(xv) fail to pay or satisfy when due any liability of the Company or any of its Subsidiaries in excess of \$50,000 (other than any such liability that is being contested in good faith);

(xvi) (A) modify any Company FCC Licenses or surrender, allow to terminate, or fail to renew any Company FCC License, (B) apply to the FCC for any license, authorization, or take any other action before the FCC, that would reasonably be expected to materially restrict the present operations of the Company or any of its Subsidiaries, (C) fail to remain qualified under the Communications Laws to perform its obligations hereunder, hold the Company FCC Licenses, and own and operate the facilities authorized thereby or (D) apply to the FCC for any construction permit that would materially restrict the Company's present operations;

(xvii) settle or compromise (i) any pending or threatened Litigation relating to this Agreement or the transactions contemplated hereby or (ii) any other Litigation (A) having a value or in an amount in excess of \$150,000, except as required under the terms of applicable insurance policies where the liability of the Company and its Subsidiaries, in the aggregate, in respect thereof does not exceed the portion of the applicable deductible under such insurance policy

required to be paid by the Company or its Subsidiaries, or (B) involving equitable relief to be imposed on the Company, its Subsidiaries or any of their respective assets;

A-31

Table of Contents

(xviii) acquire (by merger, consolidation or acquisition of stock, securities or assets or otherwise) any interest in any Person, any business or any assets with a value in excess of \$10,000, excluding (A) acquisitions of assets in the ordinary course of business or pursuant to the Company's 2016 annual budget which has been provided to Buyer prior to the date hereof and (B) capital expenditures made in accordance with Section 4.1(a)(xiii);

(xix) make any loans, advances or capital contributions to, or investments in, any other Person (other than any Subsidiary of the Company), except for reasonable expense and travel advances in the ordinary course of business consistent with past practice to employees of the Company and its Subsidiaries; or

(xx) (A) make any material change in the buildings, leasehold improvements, or fixtures of the Company or any of its Subsidiaries that is not in the ordinary course of business consistent with past practice;

(xxi) terminate or permit any material Company Permit to lapse, other than in accordance with the terms and regular expiration of any Company Permit, or fail to apply on a timely basis for any renewal of any material Company Permit;

(xxii) make or commit to make any format changes at any Company Stations;

(xxiii) fail to maintain in full force and effect the insurance policies set forth on Section 2.19 of the Company Disclosure Letter;

(xxiv) exercise or fail to exercise any rights of renewal with respect to any Lease of Leased Real Property that by its terms would otherwise expire; or

(xxv) agree or commit to do any of the foregoing.

(b) Conduct of Business of Buyer. From the date hereof until the Closing, except as otherwise expressly contemplated by this Agreement, as required by Law, by a Governmental Authority of competent jurisdiction or by the rules or requirements of NASDAQ, or as set forth in Section 4.1(b) of the Buyer Disclosure Letter or otherwise requested or consented to in writing by the Company, which consent shall not be unreasonably conditioned, withheld or delayed, Buyer shall and shall cause its Subsidiaries to (a) conduct their respective businesses in the ordinary course in substantially the same manner as currently conducted and (b) use commercially reasonable efforts to (i) preserve substantially intact their respective business organizations and (ii) preserve their material assets and material properties, and Buyer shall not and shall not permit any of its Subsidiaries to:

(i) amend or otherwise change its certificate of incorporation or by-laws or take or authorize any action to wind up its affairs or dissolve;

(ii) issue, sell or grant options, warrants or rights to purchase or subscribe to, enter into any arrangement or contract with respect to, issuing, selling, transferring, granting, delivering or authorizing, propose agree to or commit to the issuance or sale of, or redeem, repurchase or otherwise acquire any securities of Buyer or any of its Subsidiaries or securities convertible into, or exchangeable or exercisable for, any such securities (other than the issuance of shares of Buyer capital stock as Stock Consideration pursuant to this Agreement and grants of equity awards in the ordinary course of business consistent with past practice to employees or other service providers of Buyer or any of its Subsidiaries) or make any changes (by combination, reorganization or otherwise) in the capital structure of Buyer or any of its Subsidiaries;

(iii) make any material change to its accounting policies or practices, except as required by GAAP or applicable Law;

(iv) merge or consolidate with any other Person or adopt a plan of complete or partial liquidation or resolutions providing for a complete or partial liquidation, dissolution, restructuring, recapitalization or other reorganization;

A-32

Table of Contents

(v) (A) declare, set aside or pay any dividend or other distribution (whether in cash, stock or property) in respect of, or make any other actual, constructive or deemed distribution with respect to, its capital stock, except (x) dividends paid by a direct or indirect wholly-owned Subsidiary of Buyer to Buyer or any of Buyer's other direct wholly-owned Subsidiaries and (y) Buyer's routine quarterly dividend declared and paid in the ordinary course of business consistent with past practice, or (B) split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock;

(vi) materially adversely modify any Buyer FCC Licenses or surrender, allow to terminate, or fail to renew any material Buyer FCC License, or fail to remain qualified under the Communications Laws to perform its obligations hereunder, hold the Buyer FCC Licenses, and own and operate the Buyer Stations;

(vii) acquire (by merger, consolidation or acquisition of stock, securities or assets or otherwise) any interest in any Person, any business or any assets with a value in excess of \$10,000,000, excluding acquisitions of assets in the ordinary course of business and capital expenditures; or

(viii) agree or commit to do any of the foregoing.

Section 4.2 Access to Information; Confidentiality; Books and Records.

(a) From the date hereof until the Closing, the Company shall, and shall cause each of its Subsidiaries to, (i) give Buyer, its counsel, financial advisors, auditors and other authorized representatives reasonable access to the offices, properties, personnel, other facilities, books and records of the Company and its Subsidiaries, (ii) furnish to Buyer, its counsel, financial advisors, auditors and other authorized representatives such financial and operating data and other information relating to the Company and its Subsidiaries as such Persons may reasonably request and (iii) instruct the employees, counsel and financial advisors of the Company and the Company's Affiliates to cooperate with Buyer.

(b) From the date hereof until the Closing, Buyer shall, and shall cause each of its Subsidiaries to, (i) give the Company, its counsel, financial advisors, auditors and other authorized representatives reasonable access to the offices, properties, personnel, other facilities, books and records of Buyer and its Subsidiaries, (ii) furnish to the Company, its counsel, financial advisors, auditors and other authorized representatives such financial and operating data and other information relating to Buyer and its Subsidiaries as such persons may reasonably request and (iii) instruct the employees, counsel and financial advisors of Buyer to cooperate with the Company.

(c) Anything to the contrary in Section 4.2(a) and Section 4.2(b) notwithstanding, (i) access rights pursuant to Section 4.2(a) and Section 4.2(b) shall be exercised during normal business hours, upon reasonable advance notice and in such manner as not to interfere unreasonably with the conduct of the Company's or Buyer's business, as applicable, (ii) the Company or Buyer, as applicable, may withhold any document (or portions thereof) or information (A) that is subject to the terms of a non-disclosure agreement with a third party, (B) that may constitute privileged attorney-client communications or attorney work product and the transfer of which, or the provision of access to which, as reasonably determined by such party's counsel, constitutes a waiver of any such privilege or (C) if the provision of access to such document (or portion thereof) or information, as determined by such party's counsel, would reasonably be expected to conflict with applicable Laws or fiduciary duty (it being agreed that, in the event that the exceptions set forth in clauses (A), (B) or (C) apply, the Company and Buyer shall cooperate in good faith to design and implement alternative disclosure arrangements to enable the requesting party to evaluate any such information without jeopardizing such restrictions) and (iii) neither party nor any of its Affiliates or representatives shall have any obligation to provide the other party or its representatives access to the properties or assets of such party or its Subsidiaries to conduct any subsurface or Phase II environmental investigation, or sampling or testing of any environmental medium.

(d) All information provided to Buyer pursuant to this Section 4.2 prior to the Closing shall be held by Buyer as Evaluation Material (as defined in the Confidentiality Agreement, dated as of January 13, 2016,

A-33

Table of Contents

between the Company and Buyer (the Confidentiality Agreement) and shall be subject to the Confidentiality Agreement, the terms of which are incorporated herein by reference. The Confidentiality Agreement shall continue in full force and effect until the Closing, at which time it shall automatically terminate and shall have no further force or effect.

(e) All information provided to the Stockholders pursuant to this Section 4.2 prior to the Closing shall be held by the Stockholders as Evaluation Material (as defined in the Confidentiality Agreement, dated as of March 2, 2016, between the Company and Buyer (the Buyer Confidentiality Agreement) and shall be subject to the Buyer Confidentiality Agreement, the terms of which are incorporated herein by reference. The Buyer Confidentiality Agreement shall continue in full force and effect until the second anniversary of the date hereof, at which time it shall automatically terminate and shall have no further force or effect.

Section 4.3 Efforts to Close. Subject to the terms and conditions herein provided (including Section 4.4), each of Buyer, MergerCo and the Company shall use reasonable best efforts to take, or cause to be taken, all action and to do, or cause to be done, all things reasonably necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement (including the satisfaction, but not waiver, of the closing conditions set forth in Article 6).

Section 4.4 Governmental Approvals: Third Party Consents.

(a) The Company and the Buyer Parties shall cooperate (i) to use reasonable best efforts to make as promptly as practicable all filings and applications with and to, and obtain, as promptly as practicable, all licenses, permits, consents, approvals, authorizations, qualifications and orders of, applicable Governmental Authorities to consummate the transactions contemplated by this Agreement and (ii) to use commercially reasonable efforts to obtain, in form and substance reasonably acceptable to the other, consents from other Persons, if any, listed on Section 2.3 of the Company Disclosure Letter.

(b) In furtherance of the provisions set forth in Section 4.4(a), the Company and Buyer shall (i) file or cause to be filed as promptly as practicable, but in no event later than ten (10) Business Days following the execution and delivery of this Agreement, with the United States Federal Trade Commission (the FTC) and the United States Department of Justice (the DOJ) all notification and report forms that may be required for the transactions contemplated hereby and thereafter provide as promptly as practicable any supplemental information requested in connection therewith pursuant to the HSR Act and (ii) include in each such filing, notification and report form referred to in the immediately preceding clause (i) a request for early termination or acceleration of any applicable waiting or review periods. In connection therewith, the Company and Buyer shall (A) furnish to the other party such reasonably necessary information and reasonable assistance as the other party may reasonably request in connection with its preparation of any filing or submission that is necessary under the HSR Act, (B) subject to applicable Laws, provide the other party with a draft of any filing or submission and a reasonable opportunity to review such draft before making or causing to be made such filing or submission, and consider in good faith the timely offered views of such other party regarding such filing or submission, (C) not extend any applicable waiting or review periods or enter into any agreement with a Governmental Authority to delay or not to consummate the transactions contemplated hereby to be consummated on the Closing Date, except with the prior written consent of the other party, (D) not initiate any substantive contact with any Governmental Authority in respect of any filing or proceeding contemplated by this Section 4.4(b) unless they have engaged in prior consultation with the other party and given the other party the opportunity to participate and (E) keep each other reasonably apprised of the status of any material communications with, and any inquiries or requests for additional information from, the FTC, the DOJ and any other applicable Governmental Authority. All filing fees incurred in connection with the HSR Act will be split equally between Buyer and the Company.

(c) In furtherance of the provisions set forth in Section 4.4(a), as soon as practicable after the date of this Agreement, but no later than ten (10) Business Days following the execution and delivery of this Agreement,

A-34

Table of Contents

Buyer and the Company shall, and shall cause their respective Subsidiaries to prepare and cooperate in submitting to the FCC applications seeking FCC consent to the transactions contemplated hereby (FCC Applications) and all other materials necessary and proper in connection with such FCC Applications. The FCC Applications shall include all necessary applications with the FCC to request consent to the assignment of the FCC licenses and authorizations set forth in Section 4.4(c) of Buyer's Disclosure Letter to a qualified divestiture trust, in order to comply with the provisions of Section 73.3555(a) of the FCC's rules (the Divestiture Application). Buyer and the Company shall, and shall cause their respective Subsidiaries to, use reasonable best efforts to (i) prosecute the FCC Applications and obtain the FCC Consent as expeditiously as reasonably practicable, including the expeditious submission of any additional information requested by the FCC or required by applicable Law (whether through an amendment to the FCC Applications or otherwise), (ii) to the extent practicable, provide the other party with a reasonable opportunity to review and comment on any proposed submission to the FCC before it is filed, and any communication to the FCC before it is initiated, (iii) provide the other party with copies of any material written communications to or from the FCC with respect to the FCC Applications, and relay the substance of any oral communications from the FCC with respect to the FCC Applications expeditiously upon receipt, (iv) notify the other party or party as soon as reasonably practicable in the event it becomes aware of any other facts or circumstances that directly or indirectly may affect the issuance of the FCC Consent, (v) oppose any petitions to deny or other objections filed with respect to the FCC Applications and any requests for reconsideration or judicial review of the FCC Consent to the extent such petition, objection or request for reconsideration or review relates to such party and (vi) not knowingly take any action that would reasonably be expected to materially delay, materially impede or prevent receipt of the FCC Consent and its becoming a Final Order. Except as otherwise provided in this Agreement, each party will be solely responsible for the expenses incurred by it in the preparation, filing and prosecution of its respective portion(s) of the FCC Applications; however, the fees paid to the FCC in conjunction with the FCC Applications will be split equally between Buyer and the Company.

(d) Buyer agrees to take promptly all actions that are necessary or reasonably advisable or as may be required by any Governmental Authority to expeditiously consummate the transactions contemplated by this Agreement, including (A) committing to or effecting, by consent decree, hold separate orders, trust or otherwise, selling, licensing or otherwise divesting of, or holding separate and agreeing to sell, license or otherwise dispose of, any entities, assets or facilities of the Company or any of its Subsidiaries or any entity, facility or asset of Buyer or its Affiliates, (B) terminating, amending or assigning existing relationships and contractual rights and obligations (other than terminations that would result in a breach of a contractual obligation to a third party) and (C) amending, assigning or terminating existing licenses or other agreements (other than terminations that would result in a breach of a license or such other agreement with a third party) and entering into such new licenses or other agreements, in each case so long as such actions would not result in a Material Adverse Effect or a Buyer Material Adverse Effect. In the event any claim, action, suit, investigation or other proceeding by any Governmental Authority or other Person is commenced which questions the validity or legality of the transactions contemplated hereby or seeks damages in connection therewith, the parties hereto agree to cooperate and use reasonable best efforts to defend against such claim, action, suit, investigation or other proceeding and, if an injunction or other order is issued in any such action, suit or other proceeding, to use reasonable best efforts to have such injunction or other order lifted, and to cooperate reasonably regarding any other impediment to the consummation of the transactions contemplated hereby.

(e) Anything to the contrary in this Agreement notwithstanding, (i) nothing herein shall obligate or be construed to obligate Buyer, the Company or any of their respective Subsidiaries or Affiliates to make, or to cause to be made, any payment to any third party in order to obtain the consent or approval of such third party under any Contract and (ii) neither the Company nor any of its Subsidiaries will be permitted to waive any right, modify any Contract, or offer any accommodation or concession (financial or otherwise) to any third party (other than payments of *de minimis* amounts) in order to obtain the consent or approval of such third party under any Contract without the consent of Buyer. With respect to any Company Material Contract scheduled as an exception to Section 2.3, the Company, on the

one hand, and Buyer, on the other hand, shall each cooperate in good faith and shall use commercially reasonable efforts to obtain any such consent prior to the Closing.

A-35

Table of Contents

Section 4.5 Exclusive Dealing. Other than as contemplated by Section 4.13, during the period from the date of this Agreement through the earlier of the Effective Time or the termination of this Agreement in accordance with its terms, the Company shall not, and shall cause its Subsidiaries not to, directly or indirectly, take, nor shall it permit any of their respective Affiliates, officers, directors, employees, representatives, consultants, financial advisors, attorneys, accountants or other agents to take, any action to solicit, encourage, initiate or engage in discussions or negotiations with, or provide any information to or respond to any proposals or inquiries from, or enter into any agreement with any Person (other than Buyer, MergerCo and/or their respective Affiliates) (or authorize or consent to any of the foregoing actions) concerning any direct or indirect purchase of beneficial ownership of any of the Company's or any of its Subsidiaries' equity securities or any merger, sale of substantial assets or similar transaction involving the Company and its Subsidiaries, other than assets sold in the ordinary course of business, in accordance with Section 4.1(a) (each such acquisition transaction, an Acquisition Transaction); provided, however, that each of Buyer and MergerCo hereby acknowledges that prior to the date of this Agreement, the Company has provided information relating to the Company and its Subsidiaries and has afforded access to, and engaged in discussions with, other Persons in connection with a proposed Acquisition Transaction. As of the date of this Agreement, the Company has terminated access to the electronic data room maintained by the Company and its advisors for every third party except Buyer, MergerCo and their respective Affiliates, officers, employees and advisors and has terminated any discussions regarding an Acquisition Transaction with any such third party and has requested that each such third party return to the Company or destroy all Evaluation Material (as such term is defined by the confidentiality agreement between the Company and such third party).

Section 4.6 Employees and Employee Benefits.

(a) For a period beginning on the Closing Date and continuing thereafter for 12 months (the Continuation Period), Buyer shall provide, or shall cause the Company and its Affiliates to provide, employees of the Company and its Subsidiaries as of the Closing who continue employment with the Company following the Closing (the Company Employees) with (i) rates of annual base salary or wage level and annual and target cash bonus opportunities disclosed to Buyer prior to the date hereof (excluding performance goals and the value of long-term incentives, to the extent applicable) that are at least equal to that provided to each such Company Employee by the Company or its Subsidiaries on the Closing Date, and (ii) subject to the requirements of Buyer's group health and welfare plan, employee benefits (excluding long-term incentives, to the extent applicable) that are no less favorable than the benefits and terms and conditions provided to each such Company Employee by the Company or its Subsidiaries immediately prior to the Closing Date or provided to similarly situated employees of Buyer and its Affiliates; provided, however, that, subject to the other provisions of this Section 4.6, nothing herein shall be deemed to limit the right of Buyer, the Company or any of their respective Affiliates to (A) terminate the employment of any Company Employee at any time, (B) change or modify the terms or conditions of employment for any Company Employee or (C) change or modify any employee benefit plan or arrangement.

(b) For all purposes under the employee benefit plans, programs and arrangements established or maintained by Buyer, the Company and their respective Affiliates in which Company Employees may be eligible to participate during the Continuation Period (the New Benefit Plans), each Company Employee shall be credited with the same amount of service as was credited by the Company and its Affiliates as of the Closing under similar or comparable Company Benefit Plans (including for purposes of eligibility participation, vesting, benefit accrual and eligibility to receive benefits); provided that such crediting of service shall not operate to duplicate any benefit or the funding of any benefit and shall not enable any Company Employee to be entitled to receive any benefit under the New Benefit Plans that would exceed any limitation of general application thereunder. In addition, and without limiting the generality of the foregoing, during the Continuation Period, (i) with respect to any New Benefit Plans in which the Company Employees may be eligible to participate following the Closing, each Company Employee will immediately be eligible to participate in such New Benefit Plans, without any waiting time, to the extent coverage under such New

Benefit Plans replaces coverage under a similar or comparable Company Benefit Plan in which such Company Employee was eligible to participate immediately

A-36

Table of Contents

before such commencement of participation (such plans, collectively, the Old Benefit Plans) and (ii) for purposes of each New Benefit Plan providing medical, dental, pharmaceutical and/or vision benefits to any Company Employee, Buyer, the Company and its Subsidiaries shall cause all pre-existing condition exclusions and actively-at-work requirements of such New Benefit Plan to be waived for such Company Employee and his or her covered dependents, to the extent any such exclusions or requirements were waived or were inapplicable under any similar or comparable Company Benefit Plan as of the Closing Date. During the Continuation Period, Buyer, the Company and its Subsidiaries shall, to the extent permitted by applicable Law (including, but not limited to ERISA), use commercially reasonable efforts to cause any eligible expenses incurred by such Company Employee and his or her covered dependents during the portion of the plan year in which the Company Employee participates in the Old Benefit Plans and ending on the date such Company Employee's participation in the corresponding New Benefit Plan begins to be taken into account under such New Benefit Plan for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such Company Employee and his or her covered dependents for the applicable plan year as if such amounts had been paid in accordance with such New Benefit Plan.

(c) With respect to any Company Employee whose employment is terminated by Buyer during the Continuation Period or by the Company or any of their respective Affiliates during the Continuation Period, Buyer shall provide, or shall cause its Affiliates to provide, severance benefits to such Company Employee, which shall be determined and payable in accordance with the severance benefit plan or agreement maintained by the Company or any of its Affiliates for the benefit of such Company Employee immediately prior to the Closing Date, taking into account such Company Employee's period of continuous service with the Company, Buyer and their respective Affiliates immediately prior to such termination in determining the amount of severance benefits payable.

(d) This Section 4.6 shall be binding upon and inure to the benefit of each of the parties to this Agreement, and nothing in this Section 4.6, express or implied, shall confer on any other Person any rights or remedies of any nature whatsoever. Nothing contained in this Section 4.6 shall be construed to establish, amend or modify any benefit plan, program, agreement or arrangement. The parties hereto acknowledge and agree that the terms set forth in this Section 4.6 shall not create any right in any Company Employee or any other Person to any continued employment with the Company, Buyer or its Affiliates or any other Person or compensation or benefits of any nature or kind whatsoever.

Section 4.7 Director and Officer Liability, Indemnification and Insurance.

(a) Buyer and MergerCo agree that all rights to indemnification or exculpation now existing in favor of the current and former directors, officers, employees and agents of the Company and each of its Subsidiaries, as provided in their respective Organizational Documents or otherwise in effect as of the date hereof with respect to any matters occurring prior to the Effective Time, shall survive the Merger and shall continue in full force and effect until the sixth anniversary of the Effective Time and that the Company and its Subsidiaries will perform and discharge their respective obligations to provide such indemnity and exculpation after the Merger. To the maximum extent permitted by applicable Law, such indemnification shall be mandatory rather than permissive, and the Surviving Corporation shall advance reasonable and documented out-of-pocket expenses actually incurred in connection with such indemnification as provided in such entity's Organizational Documents or other applicable agreements; provided that the Person to whom expenses are advanced provides an undertaking to repay such advances if it is ultimately determined by a court of competent jurisdiction that such Person is not entitled to indemnification or to the extent otherwise required by Law. For a period of six years from the Effective Time, the indemnification and liability limitation or exculpation provisions of the Company's and its Subsidiaries' Organizational Documents shall not be amended, repealed or otherwise modified in any manner that would adversely affect the rights thereunder of individuals who, as of the Effective Time or at any time prior to the Effective Time, were directors, officers, employees or agents of the Company or any of its Subsidiaries, unless such modification is required by applicable Law.

A-37

Table of Contents

(b) Prior to or at the Closing, the Company shall purchase a tail policy providing directors and officers liability insurance coverage for the benefit of those Persons who are covered by the Company's or any of its Subsidiaries' directors and officers liability insurance policies as of the date hereof or at the Effective Time with respect to matters occurring prior to the Effective Time. Such policy shall provide coverage that is at least equal to the coverage provided under the Company's and its Subsidiaries' current directors and officers liability insurance policies, underwritten by one or more insurers with an A.M. Best rating no less than the A.M. Best rating of the insurers of the current policies. Each of the Company and Buyer shall pay 50% of the costs of such tail policy for such six-year period. Following the Closing, Buyer shall cause the Surviving Corporation to, and the Surviving Corporation shall maintain in effect for a period of six years after the Effective Time without any lapses in coverage, such policy in full force and effect and continue to honor the obligations thereunder.

(c) The directors, officers, employees and agents of the Company and each of its Subsidiaries entitled to the indemnification, liability limitation, exculpation and insurance set forth in this Section 4.7 are intended to be third-party beneficiaries of this Section 4.7. For the avoidance of doubt, this Section 4.7 shall survive the consummation of the Merger and shall be binding on all successors and assigns of Buyer and the Surviving Corporation.

Section 4.8 Financing.

(a) Buyer shall use its reasonable best efforts to take and cause to be taken, all actions, and use its reasonable best efforts to do, or cause to be done, all things necessary, proper or advisable to obtain the proceeds of the Financing on the terms and conditions described in the Commitment Letter as promptly as practicable taking into account customary blackout periods, but in any event, on or prior to the End Date, including (i) maintaining in effect the Commitment Letter in accordance with its terms, (ii) negotiating definitive agreements with respect to the Financing (the Definitive Agreements) on terms and conditions (including, as necessary, the flex provisions contained in any related fee letter) that are no less favorable to Buyer in the aggregate than those contained in the Commitment Letter (taking into account the exercise of such flex provisions), (iii) satisfying all conditions applicable to Buyer or Merger Sub in the Commitment Letter and the Definitive Agreements at or prior to the Closing that are within Buyer's or any of its Affiliates' control (other than those conditions and obligations that are waived by the Debt Financing Sources) and otherwise complying with its obligations thereunder and (iv) enforcing its rights under the Commitment Letter. In the event that all conditions contained in any Commitment Letter and Sections 6.1 and 6.2 of this Agreement have been satisfied (other than those conditions that by their terms are to be satisfied at the Closing) or waived, Buyer shall use reasonable best efforts to cause the Debt Financing Sources to comply with their respective obligations, including to fund the Financing required to consummate the transactions contemplated by this Agreement and to pay related fees and expenses on the Closing Date. Buyer shall give the Company prompt notice of (x) any material breach by any party to the Commitment Letter or any Definitive Agreement of which Buyer has become aware or (y) or any termination of the Commitment Letter.

(i) Buyer shall not, without the prior written consent of the Company: (A) permit any amendment or modification to, or any waiver of any provision or remedy under, the Commitment Letter if such amendment, modification, waiver or remedy (i) adds new (or adversely modifies any existing) conditions to the consummation of all or any portion of the Financing, (ii) reduces the amount of the Financing, (iii) adversely affects the ability of Buyer to enforce its rights against the Debt Financing Sources party to the Commitment Letter or the Definitive Agreements as so amended, replaced, supplemented or otherwise modified, relative to the ability of Buyer to enforce its rights against such Debt Financing Sources party to the Commitment Letter as in effect on the date hereof or in the Definitive Agreements or (iv) could otherwise reasonably be expected to prevent, substantially impede or substantially delay the consummation of the Merger and the other transactions contemplated by this Agreement; provided that, for the avoidance of doubt, Buyer may without the prior written consent of the Company amend the Commitment Letter to add lenders, lead

arrangers, book-runners, syndication agents or similar entities who had not executed the Commitment Letter as of the date of this Agreement (with any reference in this Agreement to the Debt

A-38

Table of Contents

Financing Sources (being deemed to include such additional parties) or (B) terminate the Commitment Letter. Buyer shall promptly deliver to the Company copies of any such amendment, modification, waiver or replacement after their execution.

(ii) In the event that any portion of the Financing becomes unavailable on the terms and conditions contemplated in the Commitment Letter, Buyer will (1) use reasonable best efforts to obtain alternative debt financing (in an amount sufficient, when taken together with the available portion of the Financing and any cash-on-hand of Buyer and its Subsidiaries, to consummate the transactions contemplated by this Agreement and to pay related fees and expenses) on terms and conditions that are no less favorable, in the aggregate, to Buyer or the Company than those contained in the Commitment Letter from the same or other sources and which do not include any conditions to the consummation of such alternative debt financing that are more onerous than the conditions set forth in the Financing and (2) promptly notify the Company of such unavailability and the reason therefor. For the purposes of this Agreement, the term

Commitment Letter shall be deemed to include any commitment letter (or similar agreement) with respect to any alternative financing arranged in compliance herewith (and any Commitment Letter remaining in effect at the time in question). Buyer shall provide the Company with prompt notice of (1) any material breach or default by any party to the Commitment Letter or the Definitive Agreements of which Buyer has become aware and (2) the receipt of any written notice or other written communication from any Debt Financing Source with respect to any breach, default, termination or repudiation by any party to the Commitment Letter or the Definitive Agreements of any provision thereof, in each case, if such breach or default would reasonably be expected to affect the timely availability of, or the amount of, the Financing. Buyer shall keep the Company reasonably informed on a current basis of the status of its efforts to consummate the Financing. The foregoing notwithstanding, compliance by Buyer with this Section 4.8(a) shall not relieve Buyer of its obligation to consummate the transactions contemplated by this Agreement whether or not the Financing is available.

(b) Prior to the Closing, the Company shall use its reasonable best efforts to take and cause its Subsidiaries and its representatives to, provide, such cooperation as may be reasonably requested by Buyer in connection with and necessary for the arrangement of the Financing, including (i) upon reasonable advance notice by Buyer, participating at a reasonable time in a customary bank meeting with the parties acting as lead arrangers or agents for, and prospective lenders and purchasers of, the Financing and the members of senior management of the Company, (ii) reasonably facilitating the pledging of collateral as may be reasonably requested by Buyer or the Debt Financing Sources and to provide guarantees and security documents and other customary deliverables of the Company or its Subsidiaries (excluding for the avoidance of doubt, any solvency certificate), provided that any related obligation shall be effective no earlier than the Effective Time, (iii) furnishing Buyer and the Debt Financing Sources as promptly as reasonably practicable following the delivery of a written request therefor to the Company by Buyer (which notice shall state with specificity the information requested) with such financial and other information regarding the Company as is customarily required of a subsidiary in connection with the execution of financings of a type similar to the Financing and as is reasonably requested by Buyer to consummate any portion of the Financing (provided that the Company will have no obligation to prepare pro forma financial information or post-closing financial information), (iv) assisting Buyer with the preparation of materials for rating agency presentations, offering documents, private placement memoranda, bank information memoranda, prospectuses and similar documents reasonably necessary for any portion of the Financing, (v) cooperating with Buyer's legal counsel with respect to any legal opinion that such legal counsel may be required to deliver in connection with the Financing by providing necessary supporting documentation, backup certificates, organizational documents, good standings and incumbency certificates, (vi) reasonably cooperating with the marketing efforts of Buyer and the Debt Financing Sources for all or any portion of the Financing, (vii) using reasonable best efforts to provide (A) documents reasonably requested by Buyer or the Debt Financing Sources relating to the repayment of the existing Indebtedness of the Company and its Subsidiaries and the release of related Liens, including customary payoff letters, lien releases and termination statements, and (B) documentation and other information required by applicable bank regulatory authorities under applicable

know-your-customer and anti-money laundering rules and regulations, including the Patriot Act and (viii) cooperating

A-39

Table of Contents

with the Debt Financing Sources due diligence investigation, to the e