BEASLEY BROADCAST GROUP INC
Form 10-Q
August 08, 2006
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2006

OR

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

Commission File No. 0-29253

BEASLEY BROADCAST GROUP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**65-0960915**
(State of Incorporation)	**(I.R.S. Employer Identification Number)**

3033 Riviera Drive, Suite 200

Naples, Florida 34103

(Address of Principal Executive Offices and Zip Code)

(239) 263-5000

(Registrant s Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

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

Large accelerated filer ¨ Accelerated filer x Non-accelerated filer ¨

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

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

Class A Common Stock, $.001 par value, 7,934,722 Shares Outstanding as of August 4, 2006

Class B Common Stock, $.001 par value, 16,712,743 Shares Outstanding as of August 4, 2006

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BEASLEY BROADCAST GROUP, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	December 31, 2005	June 30, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	$ 16,278,951	$ 13,049,475
Accounts receivable, less allowance for doubtful accounts of $489,769 in 2005 and $389,863 in 2006	21,631,643	21,336,894
Trade sales receivable	945,106	791,562
Other receivables	483,602	643,002
Prepaid expenses	2,370,202	4,903,491
Derivative financial instruments	971,864	148,771
Deferred tax assets	453,897	746,744
Total current assets	43,135,265	41,619,939
Notes receivable from related parties	4,254,350	4,169,100
Property and equipment, net	19,007,810	19,778,858
FCC broadcasting licenses	199,661,298	199,661,298
Goodwill	10,128,224	10,128,224
Investments	1,044,128	1,185,504
Other assets	3,585,921	3,529,899
Total assets	$ 280,816,996	$ 280,072,822
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current installments of long-term debt	$	$ 1,250,000
Accounts payable	1,770,129	1,605,538
Accrued expenses	8,100,733	8,549,934
Trade sales payable	862,882	883,888
Total current liabilities	10,733,744	12,289,360
Long-term debt	144,375,000	139,125,000
Deferred tax liabilities	37,709,914	40,512,032
Total liabilities	192,818,658	191,926,392
Preferred stock, $.001 par value, 10,000,000 shares authorized, none issued		
Class A common stock, $.001 par value, 150,000,000 shares authorized, 7,834,864 and 8,350,340 issued in 2005 and 2006, respectively	7,835	8,350
Class B common stock, $.001 par value, 75,000,000 shares authorized, 16,712,743 issued in 2005 and 2006	16,712	16,712
Additional paid-in capital	110,595,394	108,759,734
Accumulated deficit	(18,477,748)	(16,684,062)
Accumulated other comprehensive income	1,081,431	539,389
Unearned compensation	(2,736,988)	
Treasury stock, 174,976 and 367,618 shares in 2005 and 2006, respectively	(2,488,298)	(4,493,693)
Stockholders equity	87,998,338	88,146,430
Total liabilities and stockholders equity	$ 280,816,996	$ 280,072,822

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BEASLEY BROADCAST GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three months ended June 30,		Six months ended June 30,	
	2005	**2006**	**2005**	**2006**
Net revenue	$ 33,011,479	$ 32,205,500	$ 61,647,662	$ 59,284,819
Costs and expenses:				
Cost of services (excluding stock-based compensation of $929 and $3,841 for the three and six months ended June 30, 2006, respectively and depreciation and amortization shown separately below)	10,884,464	11,440,616	20,734,411	20,666,090
Selling, general and administrative (excluding stock-based compensation of $30,953 and $92,926 for the three and six months ended June 30, 2006, respectively shown separately below)	11,295,228	10,782,272	23,469,601	21,257,339
Corporate general and administrative (excluding stock-based compensation of $422,351 and $826,803 for the three and six months ended June 30, 2006, respectively shown separately below)	1,834,815	1,704,825	3,467,033	3,480,554
Stock-based compensation		454,233		923,570
Depreciation and amortization	723,716	668,241	1,466,114	1,362,952
Asset purchase agreement termination costs	141,449		141,449	
Total costs and expenses	24,879,672	25,050,187	49,278,608	47,690,505
Operating income	8,131,807	7,155,313	12,369,054	11,594,314
Other income (expense):				
Interest expense	(1,920,951)	(1,984,830)	(3,784,036)	(3,768,927)
Other non-operating expenses	(80,880)	(19,444)	(84,957)	(25,468)
Interest income	129,786	114,277	254,440	234,779
Other non-operating income	6,901	32,099	211,267	32,699
Income before income taxes	6,266,663	5,297,415	8,965,768	8,067,397
Income tax expense	2,478,899	2,127,655	3,550,444	3,267,071
Net income	$ 3,787,764	$ 3,169,760	$ 5,415,324	$ 4,800,326
Basic and diluted net income per share	$ 0.16	$ 0.13	$ 0.22	$ 0.20
Basic common shares outstanding	24,236,547	24,057,497	24,235,766	24,080,981
Diluted common shares outstanding	24,291,863	24,104,701	24,423,467	24,253,255

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BEASLEY BROADCAST GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Three months ended June 30,		Six months ended June 30,	
	2005	2006	2005	2006
Net income	$ 3,787,764	$ 3,169,760	$ 5,415,324	$ 4,800,326
Other comprehensive loss:				
Unrealized gain (loss) on available-for-sale investments (net of income tax benefit of $442,585 and income tax expense of $44,027 for the three months ended June 30, 2005 and 2006, respectively and income tax benefit of $1,011,070 and $23,172 for the six months ended June 30, 2005 and 2006, respectively)	(703,415)	69,973	(1,606,930)	(36,828)
Unrealized gain (loss) on derivative financial instruments (net of income tax benefit of $105,816 and $177,823 for the three months ended June 30, 2005 and 2006, respectively and income tax expense of $62,507 and income tax benefit of $317,879 for the six months ended June 30, 2005 and 2006, respectively)	(168,176)	(282,619)	99,345	(505,214)
Other comprehensive loss	(871,591)	(212,646)	(1,507,585)	(542,042)
Comprehensive income	$ 2,916,173	$ 2,957,114	$ 3,907,739	$ 4,258,284

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six months ended June 30, 2005	Six months ended June 30, 2006
Cash flows from operating activities:		
Net income	$ 5,415,324	$ 4,800,326
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss from trade sales	34,299	121,855
Stock-based compensation		923,570
Depreciation and amortization	1,466,114	1,362,952
Asset purchase agreement termination costs	141,449	
Amortization of loan fees	208,380	190,568
Gain on sale of building	(204,366)	
Deferred income taxes	2,478,315	2,850,322
Change in operating assets and liabilities:		
(Increase) decrease in receivables	(3,280,563)	135,349
Increase in prepaid expenses	(27,119)	(2,533,289)
(Increase) decrease in other assets	(272,865)	58,704
Increase (decrease) in payables and accrued expenses	(298,532)	290,890
Net cash provided by operating activities	5,660,436	8,201,247
Cash flows from investing activities:		
Capital expenditures	(1,193,540)	(2,064,867)
Proceeds from sale of building	620,000	
Payments for investments	(2,750)	(201,376)
Payments from related parties	78,208	85,250
Net cash used in investing activities	(498,082)	(2,180,993)
Cash flows from financing activities:		
Principal payments on indebtedness	(6,875,000)	(4,000,000)
Payments of loan fees	(232,500)	(209,688)
Cash dividends paid		(3,012,920)
Payments for treasury stock	(130,558)	(2,005,395)
Proceeds from exercise of employee stock options	24,750	
Tax shortfall from vesting of restricted stock		(21,727)
Net cash used in financing activities	(7,213,308)	(9,249,730)
Net decrease in cash and cash equivalents	(2,050,954)	(3,229,476)
Cash and cash equivalents at beginning of period	14,850,440	16,278,951
Cash and cash equivalents at end of period	$ 12,799,486	$ 13,049,475
Cash paid for interest	$ 3,515,347	$ 3,676,558
Cash paid for income taxes	$ 3,099,795	$ 1,277,481
Supplement disclosure of non-cash operating and investing activities:		
Trade sales revenue	$ 2,470,594	$ 1,591,453

Trade sales expense	$ 2,504,893	$ 1,713,308
Property and equipment acquired through placement of advertising air time	$ 56,586	$ 52,695

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BEASLEY BROADCAST GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(1) Interim Financial Statements

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the United States Securities and Exchange Commission (SEC). Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) have been omitted pursuant to the SEC rules and regulations. The accompanying unaudited condensed consolidated financial statements reflect, in the opinion of management, all adjustments necessary to present fairly the financial position and results of operations for the periods indicated.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with GAAP and include the consolidated accounts of Beasley Broadcast Group, Inc. (the Company) and its wholly-owned subsidiaries. All significant inter-company balances and transactions have been eliminated in consolidation.

The condensed consolidated balance sheet as of December 31, 2005 has been derived from the Company s audited consolidated financial statements for the fiscal year ended December 31, 2005. The financial statements and related notes included in this report should be read in conjunction with the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2005.

Results of the second quarter of 2006 are not necessarily indicative of results for the full year.

(2) Recent Accounting Pronouncements

In May 2005, the Financial Accounting Standards Board (FASB) issued SFAS 154, *Accounting Changes and Error Corrections*. SFAS 154 replaces APB Opinion 20, *Accounting Changes* and SFAS 3, *Reporting Accounting Changes in Interim Financial Statements*, and changes the requirements for the accounting for, and reporting of, a change in accounting principle. SFAS applies to all voluntary changes in accounting principle and to changes required by an accounting pronouncement that does not include specific transition provisions. SFAS 154 requires retrospective application to prior periods financial statements of changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. SFAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. Effective January 1, 2006, the Company adopted SFAS 154 with no material impact on its earnings or financial position.

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109* (FIN 48), which clarifies the accounting for uncertainty in income taxes recognized in an enterprise s financial statements in accordance with SFAS 109, *Accounting for Income Taxes*. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company has not completed its evaluation of the impact of the adoption of FIN 48.

(3) Stock-Based Compensation

As of June 30, 2006, the Company had one stock-based compensation plan. The 2000 Equity Plan of Beasley Broadcast Group, Inc. (the Plan) permits the grant of stock options, restricted stock and other stock-based awards to employees and directors for up to 4.0 million shares of Class A common stock. Stock option awards are generally granted with an exercise price equal to the market price of the Company s shares at the date of grant; those stock option awards generally vest based on three to five years of service and have 10-year contractual terms. However, some stock option awards contain performance-related provisions that may delay vesting beyond five years but no longer than seven years after the date of grant. Restricted stock awards generally vest based on three to five years of service.

Effective January 1, 2006, the Company adopted SFAS 123(R), *Share-Based Payment* using the modified prospective transition method. Under this method, the stock-based compensation recognized beginning January 1, 2006 includes compensation cost for (i) all stock-based awards granted prior to, but not vested as of January 1, 2006, based on the grant date fair value originally estimated in accordance with the provisions of SFAS 123, *Accounting for Stock-Based Compensation*, and (ii) all stock-based awards granted subsequent to January 1, 2006, based on the grant date fair value estimated in accordance with the provisions of SFAS 123(R). Prior

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BEASLEY BROADCAST GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

periods are not restated under this transition method. In addition, in accordance with SFAS123(R), the Company is required to estimate the amount of expected forfeitures when calculating compensation cost, instead of accounting for forfeitures as incurred, which was the Company s previous method.

Prior to January 1, 2006, the Company accounted for the Plan under the recognition and measurement principles of APB 25, *Accounting for Stock Issued to Employees*, as permitted by SFAS 123. The following table illustrates the effect on net income and net income per share as if the Company had applied the fair value recognition provisions of SFAS 123 to stock-based compensation.

	Three Months Ended June 30, 2005	Six Months Ended June 30, 2005
Net income, as reported	$ 3,787,764	$ 5,415,324
Deduct stock-based compensation expense determined under fair value based methods for all awards (net of income tax benefit of $56,120 and $136,103 for the three and six months ended June 30, 2005, respectively)	(89,194)	(216,313)
Net income, pro-forma	$ 3,698,570	$ 5,199,011
Net income per share:		
Basic and diluted		
As reported	$ 0.16	$ 0.22
Pro-forma	$ 0.15	$ 0.21

The fair value of each stock option award was estimated on the date of grant using the Black-Scholes option pricing model based on the assumptions noted in the following table. Expected volatility was based on implied and historical volatility of the Company s common stock. The Company uses historical data to estimate stock option exercise and employee departure behavior used in the Black-Scholes option pricing model. The expected term of stock options granted represents the period of time that stock options granted are expected to be outstanding. The risk-free interest rate is based on U.S. Treasury rates in effect for the contractual term at the time of grant. No stock option awards were granted during the three months ended June 30, 2005 or the three and six months ended June 30, 2006.

	Six Months Ended June 30, 2005
Expected volatility	57%
Expected dividends	
Expected term (in years)	7
Risk-free interest rate	4.24%

A summary of stock option activity under the Plan as of June 30, 2006, and changes during the three months then ended is presented below:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding as of April 1, 2006	2,640,584	$ 15.22		
Granted				
Exercised				
Forfeited				
Outstanding as of June 30, 2006	2,640,584	$ 15.22	4.0	
Exercisable as of June 30, 2006	2,388,793	$ 15.30	3.8	

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BEASLEY BROADCAST GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

As of June 30, 2006, there was $0.4 million of total unrecognized compensation cost related to stock options granted under the Plan. That cost is expected to be recognized over a weighted-average period of 1.6 years.

A summary of restricted stock activity under the Plan as of June 30, 2006, and changes for the three months then ended is presented below:

	Shares	Weighted-Average Grant-Date Fair Value
Unvested as of April 1, 2006	244,000	$ 14.17
Granted	455,309	$ 7.26
Vested	(2,500)	$ 14.38
Forfeited		
Unvested as of June 30, 2006	696,809	$ 9.65

As of June 30, 2006, there was $6.0 million of total unrecognized compensation cost related to restricted stock granted under the Plan. That cost is expected to be recognized over a weighted-average period of 3.0 years. The total fair value of shares vested during the three months ended June 30, 2006 was approximately $26,000.

Prior to January 1, 2006, unearned compensation related to the restricted stock grants was recorded as a component of stockholders equity based on the closing stock price on the grant date. Compensation expense was being recognized over the respective vesting period of each award. Upon the adoption of SFAS 123(R), the Company was required to charge the $2.7 million of unearned compensation as of December 31, 2005 against additional paid-in capital.

(4) Acquisition

On August 7, 2006, the Company acquired the assets of KDWN-AM in Las Vegas, NV for approximately $22.0 million. This acquisition was partially funded with cash on hand, including proceeds of $2.2 million from the sale of certain assets in West Palm Beach-Boca Raton, FL, and partially financed with $16.0 million of borrowings under the Company s credit facility.

(5) Long-Term Debt

Long-term debt is comprised of the following:

	December 31, 2005	June 30, 2006
Credit facility:		
Revolving credit loan	$	$ 40,375,000
Term loan	144,375,000	100,000,000
	144,375,000	140,375,000
Less current installments		(1,250,000)
	$ 144,375,000	$ 139,125,000

As of June 30, 2006, the credit facility consists of a revolving credit loan with a maximum commitment of $119.4 million and a term loan of $100.0 million. The revolving credit loan includes a $10.0 million sub-limit for letters of credit, which may be increased to $20.0 million upon the Company s request and with the approval of the Bank of Montreal, Chicago Branch in its capacity as a letter of credit issuer. At the Company s election, the revolving credit loan and term loan may bear interest at either the base rate or LIBOR plus a margin that is determined by the Company s debt to operating cash flow ratio. The base rate is equal to the higher of the prime rate or the overnight federal funds rate plus 0.5%. Interest on base rate loans is payable quarterly through maturity. Interest on LIBOR loans is payable on the last day of the selected LIBOR period and, if the selected period is longer than three months, every three months after the beginning of the LIBOR period. The revolving credit loan and term loan carried interest, based on LIBOR, at 5.4375% and 6.3305% as of December 31, 2005 and June 30, 2006, respectively, and mature on June 30, 2013. The scheduled reductions in the amount available under the revolving credit loan may require principal repayments if the outstanding balance at that time exceeds the maximum amount available under the revolving credit loan.

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BEASLEY BROADCAST GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

As of June 30, 2006, the Company had $79.0 million in remaining commitments available under its credit facility; however, as of August 7, 2006, after completion of the acquisition of KDWN-AM in Las Vegas, NV, the Company s maximum consolidated total debt covenant would have limited additional borrowings to $37.1 million.

The credit facility is secured by substantially all of the Company s assets and guaranteed jointly and severally by all of the Company s subsidiaries. The guarantees were issued to the Company s lenders for repayment of the outstanding balance of the credit facility. If the Company defaults under the terms of the credit facility, the subsidiaries may be required to perform under their guarantees. The maximum amount of undiscounted payments the subsidiaries would have to make in the event of default is $140.4 million. The guarantees for the revolving credit loan and term loan expire on June 30, 2013.

As of June 30, 2006, the scheduled repayments of the credit facility for the remainder of fiscal 2006 and the next four years and thereafter are as follows:

	Revolving Credit Loan	Term Loan	Total Credit Facility
2006	$	$	$
2007		3,750,000	3,750,000
2008		5,000,000	5,000,000
2009		7,250,000	7,250,000
2010		8,000,000	8,000,000
Thereafter	40,375,000	76,000,000	116,375,000
Total	$ 40,375,000	$ 100,000,000	$ 140,375,000

The Company is required to satisfy financial covenants, which require it to maintain specified financial ratios and to comply with financial tests, such as ratios for maximum consolidated total debt, minimum interest coverage and minimum fixed charges. As of June 30, 2006, these financial covenants included:

Maximum Consolidated Total Debt Ratio. As of June 30, 2006, the Company s consolidated total debt must not have exceeded 6.0 times its consolidated operating cash flow for the four quarters then ending (as those terms are defined in the credit agreement). On the last day of each fiscal quarter for the period from July 1, 2006 through December 31, 2007, the maximum ratio remains 6.0 times. On the last day of each fiscal quarter for the period from January 1, 2008 through December 31, 2008, the maximum ratio is 5.5 times; on the last day of each fiscal quarter for the period from January 1, 2009 through December 31, 2009, the maximum ratio is 5.0 times; on the last day of each fiscal quarter for all periods after January 1, 2010, the maximum ratio is 4.5 times.

Minimum Interest Coverage Ratio. The Company s consolidated operating cash flow for the four quarters ending on the last day of each quarter must not have been less than 2.0 times the amount of its consolidated cash interest expense for such four quarter period.

Minimum Fixed Charge Ratio. The Company s consolidated operating cash flow for any four consecutive quarters must not be less than 1.1 times the amount of its consolidated fixed charges for such four quarter period. Fixed charges include cash interest expense, cash tax expense, cash dividends, capital expenditures and scheduled principal repayments.

Failure to comply with these financial covenants, scheduled interest payments, scheduled principal repayments, or any other terms of its credit facility could result in the acceleration of the maturity of its outstanding debt. The Company believes that it will have sufficient liquidity and capital resources to permit it to meet its financial obligations for at least the next twelve months.

As of June 30, 2006, management of the Company believed it was in compliance with applicable financial covenants.

(6) Income Taxes

The Company s effective tax rate is approximately 40%, which differs from the federal statutory rate of 34% due to the effect of state income taxes and certain expenses that are not deductible for tax purposes.

BEASLEY BROADCAST GROUP, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

(7) Related Party Transaction

On August 4, 2006, the Company sold certain assets in West Palm Beach-Boca Raton, FL for approximately $2.2 million to Beasley Family Towers, Inc., which is owned by George G. Beasley, Bruce G. Beasley, Caroline Beasley, Brian E. Beasley, and other family members of George G. Beasley.

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ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion together with the financial statements and related notes included elsewhere in this report. The results discussed below are not necessarily indicative of the results to be expected in any future periods. This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact are forward-looking statements for purposes of federal and state securities laws, including any projections of earnings, revenues or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing. Forward-looking statements may include the words may, will, estimate, intend, continue, believe, expect or anticipate and other similar words. Such forward-looking may be contained in Management s Discussion and Analysis of Financial Condition and Results of Operations, among other places. Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties, such as unforeseen events that would cause us to broadcast commercial-free for any period of time, and changes in the radio broadcasting industry generally. We do not intend, and undertake no obligation, to update any forward-looking statement. Key risks to our company are described in our annual report on Form 10-K, filed with the Securities and Exchange Commission on March 10, 2006.

General

As of August 7, 2006, after completion of the acquisition of KDWN-AM in Las Vegas, NV, we own and operate 42 radio stations in the following ten markets: Atlanta, GA, Boston, MA, Philadelphia, PA, Miami-Ft. Lauderdale, FL, Las Vegas, NV, West Palm Beach-Boca Raton, FL, Ft. Myers-Naples, FL, Fayetteville, NC, Greenville-New Bern-Jacksonville, NC, and Augusta, GA. We refer to each group of radio stations that we own in each radio market as a market cluster.

Recent Developments

On August 7, 2006, we acquired the assets of KDWN-AM in Las Vegas, NV for approximately $22.0 million. This acquisition was partially funded with cash on hand, including proceeds of $2.2 million from the sale of certain assets in West Palm Beach-Boca Raton, FL, and partially financed with $16.0 million of borrowings under our credit facility.

On August 4, 2006, we sold certain assets in West Palm Beach-Boca Raton, FL for approximately $2.2 million to Beasley Family Towers, Inc., which is owned by George G. Beasley, Bruce G. Beasley, Caroline Beasley, Brian E. Beasley, and other family members of George G. Beasley. We obtained an appraisal from an independent appraisal company to estimate the fair value of the sold assets. The transaction was approved by the Audit Committee.

Financial Statement Presentation

The following discussion provides a brief description of certain key items that appear in our consolidated financial statements and general factors that impact these items.

Net Revenue. Our net revenue is primarily derived from the sale of advertising airtime to local and national advertisers. Net revenue is gross revenue less agency commissions. Local revenue generally consists of advertising airtime sales to 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 sales to agencies purchasing advertising for multiple markets. National sales are generally facilitated by our national representation firm, which serves as our agent in these transactions.

The advertising rates that we are able to charge and the number of advertisements that we can broadcast without jeopardizing listener levels generally determine our net revenue. 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 quarterly reports issued by the Arbitron Ratings Company;

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- 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.

Our net revenue is affected by general economic conditions, competition and our ability to improve operations at our 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. Our revenues are typically lowest in the first calendar quarter of the year.

We use trade sales agreements to reduce cash paid for expenses by exchanging advertising airtime for goods or services; however, we endeavor to minimize trade revenue in order to maximize cash revenue from our available airtime. The following summary table presents a comparison of our trade sales revenue and expenses.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	**2006**	**2005**	**2006**
Trade sales revenue	$ 1,213,164	$ 809,597	$ 2,470,594	$ 1,591,453
Trade sales expenses	$ 1,467,995	$ 872,641	$ 2,504,893	$ 1,713,308

Costs and Expenses. Our costs and expenses consist primarily of (1) programming, engineering, and promotional expenses, reported as cost of services, and selling, general and administrative expenses incurred at our radio stations, (2) general and administrative expenses, including compensation and other expenses, incurred at our corporate offices, (3) stock-based compensation, and (4) depreciation and amortization. We strive to control our operating expenses by centralizing certain functions at our corporate offices and consolidating certain functions in each of our market clusters.

Income Taxes. Our effective tax rate is approximately 40%, which differs from the federal statutory rate of 34% due to the effect of state income taxes and certain of our expenses that are not deductible for tax purposes.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect reported amounts and related disclosures. We consider 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 our consolidated results of operations or financial condition.

Impairment of FCC Broadcasting Licenses and Goodwill. We are required to estimate the fair value of our FCC broadcasting licenses and reporting units on at least an annual basis. We combine our FCC broadcasting licenses into single units of accounting based on our market clusters for impairment testing purposes. To assist in estimating the fair value of our FCC broadcasting licenses as of December 31, 2005, we obtained appraisals from an independent appraisal company. The appraisal company estimated the fair values of our FM licenses using discounted future cash flows and the fair values of our AM licenses using a market valuation approach. The appraisal includes several assumptions and estimates including the determination of future cash flows and an appropriate discount rate. If the appraisal company had made different assumptions or used different estimates, including those used to determine future cash flows and the discount rate, the fair value of our FCC broadcasting licenses could have been materially different. For the purpose of testing our goodwill for impairment, we have identified our market clusters as our reporting units. We used internally-generated estimates of future cash flows to determine the fair value of each reporting unit as of December 31, 2005. These estimates required management judgment and if we had made different assumptions the fair value of our reporting units could have been materially different. There can be no assurance that impairment of our FCC broadcasting licenses or goodwill will not occur in future periods.

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Impairment of Property and Equipment. We are required to assess the recoverability of our property and equipment whenever an event has occurred that may result in an impairment loss. If such an event occurs, we 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, we 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. We did not identify any events that may have resulted in an impairment loss on our property and equipment during the six months ended June 30, 2006. There can be no assurance that impairment of our property and equipment will not occur in future periods.

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

Recent Accounting Pronouncements

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109* (FIN 48), which clarifies the accounting for uncertainty in income taxes recognized in an enterprise s financial statements in accordance with SFAS 109, *Accounting for Income Taxes*. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. We have not completed our evaluation of the impact of the adoption of FIN 48.

Three Months Ended June 30, 2006 Compared to the Three Months Ended June 30, 2005

The following summary table presents a comparison of our results of operations for the three months ended June 30, 2005 and 2006 with respect to certain of our key financial measures. These changes illustrated in the table are discussed in greater detail below. This section should be read in conjunction with the condensed consolidated financial statements and notes to condensed consolidated financial statements included in Item 1 of this report.

	Three Months Ended June 30,		Change	
	2005	2006	$	%
Net revenue	$ 33,011,479	$ 32,205,500	$ (805,979)	(2.4)%
Cost of services	10,884,464	11,440,616	556,152	5.1
Selling, general and administrative expenses	11,295,228	10,782,272	(512,956)	(4.5)
Corporate general and administrative expenses	1,834,815	1,704,825	(129,990)	(7.1)
Stock-based compensation		454,233	454,233	

Net Revenue. The $0.8 million decrease in net revenue during the three months ended June 30, 2006 was due to weaker performance at six of our ten market clusters and included a $0.7 million decrease at our Miami-Ft. Lauderdale market cluster, and a $0.3 million decrease at our Las Vegas market cluster. These decreases were partially offset by a $0.3 million increase due to improved performance at our Philadelphia market cluster. In addition, net revenue during the three months ended June 30, 2006 includes an aggregate $0.4 million decrease in trade sales revenue from our market clusters due to our continued efforts to reduce the non-cash use of our available airtime.

Cost of Services. The $0.6 million increase in cost of services during the three months ended June 30, 2006 was primarily due to a $0.4 million increase at our Las Vegas market cluster due to increased programming and promotional expenses. The increase in cost of services also included a $0.3 million increase at our Ft. Myers-Naples market cluster due to increased promotional expenses.

Selling, General and Administrative Expenses. The $0.5 million decrease in selling, general and administrative expenses during the three months ended June 30, 2006 was primarily due to decreased sales commissions, as a result of the decrease in net revenue at our market clusters.

Stock-Based Compensation. We recorded $0.4 million of stock-based compensation expense during the three months ended June 30, 2006 related to grants of restricted stock to certain employees and our directors. We also recorded $0.1 million of stock-based compensation during the three months ended June 30, 2006 related to previous grants of stock options.

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Six Months Ended June 30, 2006 Compared to the Six Months Ended June 30, 2005

The following summary table presents a comparison of our results of operations for the six months ended June 30, 2005 and 2006 with respect to certain of our key financial measures. These changes illustrated in the table are discussed in greater detail below. This section should be read in conjunction with the condensed consolidated financial statements and notes to condensed consolidated financial statements included in Item 1 of this report.

	Six Months Ended June 30,		Change	
	2005	2006	$	%
Net revenue	$ 61,647,662	$ 59,284,819	$ (2,362,843)	(3.8)%
Cost of services	20,734,411	20,666,090	(68,321)	(0.3)
Selling, general and administrative expenses	23,469,601	21,257,339	(2,212,262)	(9.4)
Corporate general and administrative expenses	3,467,033	3,480,554	13,521	0.4
Stock-based compensation		923,570	923,570	

Net Revenue. The $2.4 million decrease in net revenue during the six months ended June 30, 2006 was due to weaker performance at nine of our ten market clusters and included a $1.1 million decrease at our Miami-Ft. Lauderdale market cluster, a $0.6 million decrease at our Las Vegas market cluster, and a $0.5 million decrease at our Greenville-New Bern-Jacksonville market cluster. These decreases were partially offset by a $0.4 million increase due to improved performance at our Philadelphia market cluster. In addition, net revenue during the six months ended June 30, 2006 includes an aggregate $0.9 million decrease in trade sales revenue from our market clusters due to our continued efforts to reduce the non-cash use of our available airtime.

Cost of Services. The $0.1 million decrease in cost of services during the six months ended June 30, 2006 was primarily due to a $1.1 million decrease at our Miami-Ft. Lauderdale market cluster due to a decrease in promotional expenses related to certain events and decreased contractual costs related to the termination of certain on-air personalities. This decrease was partially offset by a $0.9 million increase at our Las Vegas market cluster due to increased programming and promotional expenses.

Selling, General and Administrative Expenses. The $2.2 million decrease in selling, general and administrative expenses during the six months ended June 30, 2006 was primarily due to the absence of $1.4 million of employee separation costs at our Philadelphia market cluster incurred in 2005 and decreased sales commissions, as a result of the decrease in net revenue at our market clusters.

Stock-Based Compensation. We recorded $0.8 million of stock-based compensation expense during the six months ended June 30, 2006 related to grants of restricted stock to certain employees and our directors. We also recorded $0.2 million of stock-based compensation during the six months ended June 30, 2006 related to previous grants of stock options.

Liquidity and Capital Resources

Overview. Our primary sources of liquidity are internally generated cash flow and our credit facility. Our 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. Historically, our capital expenditures have not been significant. In addition to property and equipment associated with radio station acquisitions, our capital expenditures have generally been, and are expected to continue to be, related to the maintenance of our studio and office space and the technological improvement, including upgrades necessary to broadcast HD Radio, and maintenance of our broadcasting equipment. We have also purchased or constructed office and studio space in some of our markets to facilitate the consolidation of our operations. Other liquidity needs for the next twelve months and thereafter may also include additional share repurchases, cash dividends and radio station acquisitions.

Our credit agreement permits us to repurchase up to $50.0 million of our common stock and on June 10, 2004, our board of directors authorized us to repurchase up to $25.0 million of our Class A common stock over a one-year period from the date of authorization which was extended on May 12, 2005 for one additional year. On May 24, 2006, our board of directors authorized us to increase the remaining balance under our previous authorization from $21.3 million to $25.0 million and to extend the repurchase period to May 23, 2007. As of August 4, 2006, we have repurchased $4.8 million of our Class A common stock.

Our credit agreement also permits us to pay dividends on our common stock in an amount up to an aggregate of $10.0 million per year. During the three and six months ended June 30, 2006, we paid $1.5 million and $3.0 million for cash dividends, respectively. On May 26, 2006, our board of directors declared a quarterly cash dividend of $0.0625 per share on our Class A and Class B common stock. The dividend was paid on

July 20, 2006, to stockholders of record on June 30, 2006.

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On August 7, 2006, we acquired the assets of KDWN-AM in Las Vegas, NV for approximately $22.0 million. This acquisition was partially funded with cash on hand, including proceeds of $2.2 million from the sale of certain assets in West Palm Beach-Boca Raton, FL, and partially financed with $16.0 million of borrowings under our credit facility.

We expect to provide for future liquidity needs through one or a combination of the following sources of liquidity:

- internally generated cash flow;
- our credit facility;
- additional borrowings, other than under our existing credit facility, to the extent permitted thereunder; and
- additional equity offerings.

We believe that we will have sufficient liquidity and capital resources to permit us to provide for our liquidity requirements and meet our financial obligations for the foreseeable future. However, poor financial results, unanticipated acquisition opportunities or unanticipated expenses could give rise to additional debt servicing requirements or other additional financing or liquidity requirements sooner than we expect and we may not secure financing when needed or on acceptable terms.

As of June 30, 2006, we held $13.0 million in cash and cash equivalents and had $79.0 million in remaining commitments available under our credit facility; however, as of August 7, 2006, after completion of the acquisition of KDWN-AM in Las Vegas, NV, our maximum total leverage covenant would have limited additional borrowings to $37.1 million. Our ability to reduce our total leverage ratio by increasing operating cash flow and/or decreasing long-term debt will determine how much, if any, of the remaining commitments under the revolving portion of our credit facility will be available to us in the future. Poor financial results or unanticipated expenses could result in our failure to maintain or lower our total leverage ratio and we may not be permitted to make any additional borrowings under the revolving portion of our credit facility. We anticipate making additional share repurchases and future dividend payments instead of repaying indebtedness with such funds and if we incur additional indebtedness in order to make such repurchases or dividend payments, our total debt ratio may be adversely affected and we may not be permitted to make additional borrowings under the revolving portion of our credit facility.

The following summary table presents a comparison of our capital resources for the six months ended June 30, 2005 and 2006 with respect to certain of our key measures affecting our liquidity. The changes set forth in the table are discussed in greater detail below. This section should be read in conjunction with the condensed consolidated financial statements and notes to condensed consolidated financial statements included in Item 1 of this report.

	Six Months Ended June 30,	
	2005	**2006**
Net cash provided by operating activities	$ 5,660,436	$ 8,201,247
Net cash used in investing activities	(498,082)	(2,180,993)
Net cash used in financing activities	(7,213,308)	(9,249,730)
Net decrease in cash and cash equivalents	$ (2,050,954)	$ (3,229,476)

Net Cash Provided By Operating Activities. Net cash provided by operating activities increased by 44.9% during the six months ended June 30, 2006 compared to the same period in 2005 primarily due to a $1.9 million increase in cash receipts from the sale of advertising airtime and a $1.8 million decrease in cash paid for estimated income taxes. These increases were partially offset by a $1.1 million increase in cash paid for station operating expenses during 2006.

Net Cash Used In Investing Activities. Net cash used in investing activities in the six months ended June 30, 2006 was primarily due to cash payments for capital expenditures of $2.1 million. Net cash used in investing activities for the same period in 2005 was primarily due to cash payments for capital expenditures of $1.2 million, which were partially offset by cash proceeds of $0.6 million from the sale of a building in Augusta, GA.

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Net Cash Used In Financing Activities. Net cash used in financing activities in the six months ended June 30, 2006 was primarily due to voluntary repayments of $4.0 million of borrowings under our credit facility, cash dividends of $3.0 million and $2.0 million for repurchases of our Class A common stock. Net cash used in financing activities in the same period in 2005 was primarily due to scheduled repayments of $1.9 million and voluntary repayments of $5.0 million of borrowings under our credit facility.

Credit Facility. Our credit facility consists of a revolving credit loan with a maximum commitment of $119.4 million and a term loan of $100.0 million. The revolving credit loan includes a $10.0 million sub-limit for letters of credit, which may be increased to $20.0 million upon our request and with the approval of the Bank of Montreal, Chicago Branch in its capacity as a letter of credit issuer. At our election, the revolving credit loan and term loan may bear interest at either the base rate or LIBOR plus a margin that is determined by our debt to operating cash flow ratio. The base rate is equal to the higher of the prime rate or the overnight federal funds rate plus 0.5%. Interest on base rate loans is payable quarterly through maturity. Interest on LIBOR loans is payable on the last day of the selected LIBOR period and, if the selected period is longer than three months, every three months after the beginning of the LIBOR period. The revolving credit loan and term loan carried interest, based on LIBOR, at 5.4375% and 6.3305% as of December 31, 2005 and June 30, 2006, respectively, and mature on June 30, 2013. The scheduled reductions in the amount available under the revolving credit loan may require principal repayments if the outstanding balance at that time exceeds the maximum amount available under the revolving credit loan.

The credit facility is secured by substantially all of our assets and guaranteed jointly and severally by all of our subsidiaries. The guarantees were issued to our lenders for repayment of the outstanding balance of the credit facility. If we default under the terms of the credit facility, the subsidiaries may be required to perform under their guarantees. The maximum amount of undiscounted payments the subsidiaries would have to make in the event of default is $140.4 million. The guarantees for the revolving credit loan and term loan expire on June 30, 2013.

As of June 30, 2006, the scheduled repayments of the credit facility for the remainder of fiscal 2006 and the next four years and thereafter are as follows:

	Revolving Credit Loan	Term Loan	Total Credit Facility
2006	$	$	$
2007		3,750,000	3,750,000
2008		5,000,000	5,000,000
2009		7,250,000	7,250,000
2010		8,000,000	8,000,000
Thereafter	40,375,000	76,000,000	116,375,000
Total	$ 40,375,000	$ 100,000,000	$ 140,375,000

We must pay a quarterly unused commitment fee equal to 0.375% on the unused portion of the revolving credit loan. For the three and six months ended June 30, 2006, our unused commitment fee was approximately $73,000 and $145,000, respectively.

We are required to satisfy financial covenants, which require us to maintain specified financial ratios and to comply with financial tests, such as ratios for maximum consolidated total debt, minimum interest coverage and minimum fixed charges. As of June 30, 2006, these financial covenants included:

Maximum Consolidated Total Debt Ratio. As of June 30, 2006, our consolidated total debt must not have exceeded 6.0 times our consolidated operating cash flow for the four quarters then ending (as those terms are defined in the credit agreement). On the last day of each fiscal quarter for the period from July 1, 2006 through December 31, 2007, the maximum ratio remains 6.0 times. On the last day of each fiscal quarter for the period from January 1, 2008 through December 31, 2008, the maximum ratio is 5.5 times; on the last day of each fiscal quarter for the period from January 1, 2009 through December 31, 2009, the maximum ratio is 5.0 times; on the last day of each fiscal quarter for all periods after January 1, 2010, the maximum ratio is 4.5 times.

Minimum Interest Coverage Ratio. Our consolidated operating cash flow for the four quarters ending on the last day of each quarter must not have been less than 2.0 times the amount of our consolidated cash interest expense for such four quarter period.

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Minimum Fixed Charge Ratio. Our consolidated operating cash flow for any four consecutive quarters must not be less than 1.1 times the amount of our consolidated fixed charges for such four quarter period. Fixed charges include cash interest expense, cash tax expense, capital expenditures, agency and commitment fees and scheduled principal repayments.

As of June 30, 2006, we were in compliance with all applicable financial covenants. As of June 30, 2006, as calculated pursuant to the terms of our credit agreement, our consolidated total debt ratio was 4.35 times consolidated operating cash flow, our interest coverage ratio was 4.67 times interest expense, and our fixed charge coverage ratio was 1.51 times fixed charges.

Failure to comply with these financial covenants, to make scheduled interest payments or scheduled principal repayments, or to comply with any other terms of our credit facility could result in the acceleration of the maturity of our debt outstanding thereunder, which could have a material adverse effect on our business or results of operations.

The credit facility also contains other customary restrictive covenants. These covenants limit our ability to: incur additional indebtedness and liens; enter into certain investments or joint ventures; consolidate, merge or effect asset sales; enter sale and lease-back transactions; sell or discount accounts receivable; enter into transactions with affiliates or stockholders; or change the nature of our business.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Market risk is the risk of loss arising from adverse changes in market rates and prices such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is interest rate risk associated with our credit facility. As of June 30, 2006, all of our long-term debt bears interest at variable rates. Accordingly, our earnings are affected by changes in interest rates. Assuming the current level of borrowings at variable rates and assuming a one-percentage point increase in the current interest rate under these borrowings, we estimate that our annualized interest expense would increase by $1.4 million and our net income would decrease by $0.8 million. In the event of an adverse change in interest rates, management may take actions to mitigate our exposure. However, due to the uncertainty of the actions that would be taken and their possible effects, this interest rate analysis assumes no such actions. Further, the analysis does not consider the effects of the change in the level of overall economic activity that could exist in such an environment.

As of June 30, 2006, we are a party to two interest rate swap agreements with a $25.0 million aggregate notional amount. These agreements expire in August 2006. As of June 30, 2006, the fair value of these agreements was a current asset of $0.1 million.

ITEM 4. CONTROLS AND PROCEDURES.

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and, management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of June 30, 2006, the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that the Company s disclosure controls and procedures were effective at the reasonable assurance level.

There has been no significant change in our internal controls over financial reporting during the Company s second fiscal quarter of 2006 that has materially affected, or is reasonably likely to materially affect, the Company s internal controls over financial reporting.

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PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We currently and from time to time are involved in litigation and are the subject of threats of litigation that are incidental to the conduct of our business. These include indecency claims and related proceedings at the FCC as well as claims and threatened claims by private third parties. However, we are not a party to any lawsuit or other proceedings, or the subject of any threatened lawsuit or other proceedings, which, in the opinion of management, is likely to have a material adverse effect on our financial condition or results of operations.

ITEM 1A. RISK FACTORS.

The risks affecting our Company are described in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2005, filed with the SEC on March 10, 2006. As of the date of this report, there were no material changes to the risks affecting our Company as reported in our Annual Report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

The following table presents information with respect to purchases we made of our Class A common stock during the three months ended June 30, 2006.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value That May Yet Be Purchased Under the Program
April 1 30, 2006	19,825	$ 10.82	19,200	$ 21,514,592
May 1 31, 2006	38,600	7.63	38,600	24,942,006
June 1 30, 2006	44,000	6.93	44,000	24,635,974
Total	102,425			

On July 29, 2004, we announced that at a meeting on June 10, 2004, our board of directors authorized us to repurchase up to $25.0 million of our Class A common stock over a one-year period from the date of authorization. On May 12, 2005, our board of directors authorized a one-year extension of the repurchase period to June 9, 2006. On May 24, 2006, our board of directors authorized us to increase the remaining balance under our previous authorization from $21.3 million to $25.0 million and to extend the repurchase period to May 23, 2007. During April, 625 shares of our Class A common stock were surrendered to us to fund withholding taxes payable in connection with the vesting of restricted stock under our 2000 Equity Plan.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

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

We held our annual meeting of stockholders on May 24, 2006. At the meeting our stockholders voted on the election of our directors. The results of that vote were as follows:

	For	Against or Withheld	Abstentions

			and **Broker** **Non-votes**
Directors Elected by Holders of All Classes of Common Stock			
George G. Beasley	168,209,670	733,898	
Bruce G. Beasley	168,208,211	735,357	
Caroline Beasley	167,966,407	977,161	
Brian E. Beasley	168,208,211	735,357	
Joe B. Cox	168,456,663	486,905	
Allen B. Shaw	168,220,036	723,532	
Directors Elected by Holders of Class A Common Stock			
Mark S. Fowler	7,311,377	244,001	
Herbert W. McCord	7,311,377	244,001	

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ITEM 5. OTHER INFORMATION.

As described in Part I, Item 2 of this report, on August 7, 2006, we incurred $16.0 million of additional indebtedness under the revolving credit loan portion of our credit facility in connection with our acquisition of the assets of KDWN-AM in Las Vegas, NV. Such borrowings are subject to the terms and conditions of our credit facility, which are described in Part I, Item 2 of this report under the caption Liquidity and Capital Resources Credit Facility.

ITEM 6. EXHIBITS.

Exhibit Number	Description
3.1	Amended certificate of incorporation of the Registrant. (1)
3.2	Third amended and restated bylaws of the Registrant. (2)
10.1	Credit agreement between Beasley Mezzanine Holdings, LLC, Bank of Montreal, Chicago Branch, as administrative agent, Bank of New York, as syndication agent, Harris Nesbitt and BNY Capital Markets, Inc. as co-lead arrangers, Bank of America N.A., ING Capital, LLC and Wells Fargo, National Association, as co-documentation agents, and other financial institutions, dated February 27, 2004. (3)
10.2	First amendment to credit agreement dated February 27, 2004 between Beasley Mezzanine Holdings, LLC, Bank of Montreal, Chicago Branch, as administrative agent, and other financial institutions, dated June 18, 2004. (4)
10.3	Second amendment to credit agreement dated February 27, 2004 between Beasley Mezzanine Holdings, LLC, Bank of Montreal, Chicago Branch, as administrative agent, and other financial institutions, dated June 27, 2005. (5)
10.4	Third amendment to credit agreement dated February 27, 2004 between Beasley Mezzanine Holdings, LLC, Bank of Montreal, Chicago Branch, as administrative agent, and other financial institutions, dated January 30, 2006. (6)
31.1	Certification of Chief Executive Officer pursuant to Rule 15d-14(a) (17 CFR 240.15d-14(a)).
31.2	Certification of Vice President, Chief Financial Officer, Secretary and Treasurer pursuant to Rule 15d-14(a) (17 CFR 240.15d-14(a)).
32.1	Certification of Chief Executive Officer pursuant to Rule 15d-14(b) (17 CFR 240.15d-14(b)) and 18 U.S.C. Section 1350.
32.2	Certification of Vice President, Chief Financial Officer, Secretary and Treasurer pursuant to Rule 15d-14(b) (17 CFR 240.15d-14(b)) and 18 U.S.C. Section 1350.

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(1) Incorporated by reference to Exhibit 3.1 to Beasley Broadcast Group s Registration Statements on Form S-1/A dated February 11, 2000. (File No. 333-91683).

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(2) Incorporated by reference to Exhibit 3.1 to Beasley Broadcast Group s Annual Report on Form 10-K dated February 13, 2001.
(3) Incorporated by reference to Exhibit 10.8 to Beasley Broadcast Group s Annual Report on Form 10-K dated March 12, 2004.
(4) Incorporated by reference to Exhibit 10.2 to Beasley Broadcast Group s Quarterly Report on Form 10-Q dated August 5, 2004.
(5) Incorporated by reference to Exhibit 10.1 to Beasley Broadcast Group s Current Report on Form 8-K dated June 30, 2005.
(6) Incorporated by reference to Exhibit 10.11 to Beasley Broadcast Group s Annual Report on Form 10-K dated March 8, 2006.

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SIGNATURES

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

	BEASLEY BROADCAST GROUP, INC.
Dated: August 8, 2006	/s/ George G. Beasley Name: George G. Beasley Title: Chairman of the Board and Chief Executive Officer
Dated: August 8, 2006	/s/ Caroline Beasley Name: Caroline Beasley Title: Vice President, Chief Financial Officer, Secretary, Treasurer and Director (principal financial and accounting officer)