BEASLEY BROADCAST GROUP INC
Form 10-Q
November 08, 2007

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 September 30, 2007

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 ¨ Non-accelerated filer x

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, 7,096,133 Shares Outstanding as of November 5, 2007

Class B Common Stock, $.001 par value, 16,712,743 Shares Outstanding as of November 5, 2007

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BEASLEY BROADCAST GROUP, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	December 31, 2006	September 30, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	$ 8,546,344	$ 6,089,804
Accounts receivable, less allowance for doubtful accounts of $312,200 in 2006 and $489,983 in 2007	23,594,736	24,577,009
Trade sales receivable	1,079,507	1,427,196
Other receivables	941,597	362,994
Prepaid expenses	1,125,065	2,517,156
Deferred tax assets	787,755	1,499,744
Total current assets	36,075,004	36,473,903
Notes receivable from related parties	4,084,903	3,950,253
Property and equipment, net	25,787,641	26,797,633
FCC broadcasting licenses	206,324,298	240,522,298
Goodwill	19,931,568	29,489,229
Investments	923,504	1,020,837
Other assets	4,840,915	3,208,574
Total assets	$ 297,967,833	$ 341,462,727
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current installments of long-term debt	$ 3,750,000	$
Accounts payable	2,574,180	3,353,632
Accrued expenses	8,533,810	9,315,132
Trade sales payable	875,562	989,159
Total current liabilities	15,733,552	13,657,923
Long-term debt	150,625,000	193,375,000
Deferred tax liabilities	42,866,849	46,942,916
Other long-term liabilities	1,150,751	1,150,751
Total liabilities	210,376,152	255,126,590
Preferred stock, $.001 par value, 10,000,000 shares authorized, none issued		
Class A common stock, $.001 par value, 150,000,000 shares authorized, 8,357,323 and 8,382,323 issued in 2006 and 2007, respectively	8,357	8,382
Class B common stock, $.001 par value, 75,000,000 shares authorized, 16,712,743 issued in 2006 and 2007	16,712	16,712
Additional paid-in capital	109,988,458	111,854,102
Accumulated deficit	(14,297,106)	(14,424,660)
Accumulated other comprehensive income	287,257	347,001
Treasury stock, Class A, 919,261 and 1,263,790 shares in 2006 and 2007, respectively	(8,411,997)	(11,465,400)
Stockholders equity	87,591,681	86,336,137
Total liabilities and stockholders equity	$ 297,967,833	$ 341,462,727

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BEASLEY BROADCAST GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three months ended September 30,	
	2006	**2007**
Net revenue	$ 31,056,757	$ 33,285,701
Costs and expenses:		
Cost of services (including stock-based compensation of $3,309 in 2006 and $(2,239) in 2007 and excluding depreciation and amortization shown separately below)	10,824,115	12,501,619
Selling, general and administrative (including stock-based compensation of $73,194 in 2006 and $33,066 in 2007)	10,804,085	12,240,981
Corporate general and administrative (including stock-based compensation of $555,086 in 2006 and $545,586 in 2007)	2,297,060	2,671,256
Depreciation and amortization	708,863	786,352
Total costs and expenses	24,634,123	28,200,208
Operating income	6,422,634	5,085,493
Other income (expense):		
Interest expense	(2,576,050)	(3,583,319)
Other non-operating expenses	(33,236)	(6,750)
Interest income	142,132	115,887
Other non-operating income		5,500
Income before income taxes	3,955,480	1,616,811
Income tax expense	1,590,171	624,089
Net income	$ 2,365,309	$ 992,722
Basic and diluted net income per share	$ 0.10	$ 0.04
Dividends declared per common share	$ 0.06	$ 0.06
Basic common shares outstanding	23,843,630	23,336,926
Diluted common shares outstanding	23,907,978	23,434,397

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BEASLEY BROADCAST GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Nine months ended September 30, 2006	2007
Net revenue	$ 90,341,576	$ 98,897,353
Costs and expenses:		
Cost of services (including stock-based compensation of $7,150 in 2006 and $906 in 2007 and excluding depreciation and amortization shown separately below)	31,494,046	35,428,293
Selling, general and administrative (including stock-based compensation of $166,120 in 2006 and $189,613 in 2007)	32,154,350	36,012,966
LMA fees		159,084
Corporate general and administrative (including stock-based compensation of $1,381,889 in 2006 and $1,675,150 in 2007)	6,604,417	7,728,012
Depreciation and amortization	2,071,815	2,330,242
Total costs and expenses	72,324,628	81,658,597
Operating income	18,016,948	17,238,756
Other income (expense):		
Interest expense	(6,344,977)	(10,487,802)
Loss on extinguishment of long-term debt		(366,599)
Other non-operating expenses	(58,704)	(28,786)
Interest income	376,911	333,123
Other non-operating income	32,699	235,862
Income before income taxes	12,022,877	6,924,554
Income tax expense	4,857,242	2,672,878
Net income	$ 7,165,635	$ 4,251,676
Basic and diluted net income per share	$ 0.30	$ 0.18
Dividends declared per common share	$ 0.19	$ 0.19
Basic common shares outstanding	24,000,995	23,370,164
Diluted common shares outstanding	24,180,408	23,496,804

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BEASLEY BROADCAST GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Three months ended September 30,	
	2006	**2007**
Net income	$ 2,365,309	$ 992,722
Other comprehensive loss:		
Unrealized loss on available-for-sale investments (net of income tax benefit of $47,631 in 2006 and $156,025 in 2007)	(75,702)	(247,975)
Unrealized loss on derivative financial instruments (net of income tax benefit of $57,455 in 2006)	(91,316)	
Other comprehensive loss	(167,018)	(247,975)
Comprehensive income	$ 2,198,291	$ 744,747

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BEASLEY BROADCAST GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Nine months ended September 30,	
	2006	**2007**
Net income	$ 7,165,635	$ 4,251,676
Other comprehensive gain (loss):		
Unrealized gain (loss) on available-for-sale investments (net of income tax benefit of $70,803 in 2006 and income tax expense of $37,589 in 2007)	(112,530)	59,744
Unrealized loss on derivative financial instruments (net of income tax benefit of $375,334 in 2006)	(596,530)	
Other comprehensive gain (loss)	(709,060)	59,744
Comprehensive income	$ 6,456,575	$ 4,311,420

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BEASLEY BROADCAST GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine months ended September 30, 2006	2007
Cash flows from operating activities:		
Net income	$ 7,165,635	$ 4,251,676
Adjustments to reconcile net income to net cash provided by operating activities:		
Income from trade sales	(129,372)	(280,340)
Stock-based compensation	1,555,159	1,865,669
Depreciation and amortization	2,071,815	2,330,242
Amortization of loan fees	285,851	228,238
Loss on extinguishment of long-term debt		366,599
Deferred income taxes	3,915,240	3,326,489
Change in operating assets and liabilities:		
(Increase) decrease in receivables	382,063	(403,670)
Increase in prepaid expenses	(565,855)	(1,392,091)
(Increase) decrease in other assets	(59,604)	1,374,051
Increase in payables and accrued expenses	1,850,871	1,569,593
Net cash provided by operating activities	16,471,803	13,236,456
Cash flows from investing activities:		
Capital expenditures	(3,293,301)	(2,294,441)
Payments for acquisitions of radio stations	(21,997,000)	(44,817,539)
Proceeds from sale of property and equipment	2,176,275	
Payments for investments	(201,376)	
Payments from related parties	125,844	134,650
Net cash used in investing activities	(23,189,558)	(46,977,330)
Cash flows from financing activities:		
Borrowings from credit facility	16,000,000	42,000,000
Principal repayments to credit facility	(4,000,000)	(3,000,000)
Payments of loan fees	(209,688)	(274,214)
Cash dividends paid	(4,513,211)	(4,388,049)
Payments for treasury stock	(4,184,188)	(3,053,403)
Tax shortfall from vesting of restricted stock	(21,727)	
Net cash provided by financing activities	3,071,186	31,284,334
Net decrease in cash and cash equivalents	(3,646,569)	(2,456,540)
Cash and cash equivalents at beginning of period	16,278,951	8,546,344
Cash and cash equivalents at end of period	$ 12,632,382	$ 6,089,804
Cash paid for interest	$ 6,158,702	$ 10,033,461
Cash paid (refunded) for income taxes	$ 1,401,981	$ (562,420)
Supplement disclosure of non-cash operating and investing activities:		
Trade sales revenue	$ 2,794,210	$ 3,164,973

Trade sales expense	$ 2,664,838	$ 2,884,633
Property and equipment acquired through placement of advertising air time	$ 92,733	$ 46,248

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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, 2006 has been derived from the Company s audited consolidated financial statements for the fiscal year ended December 31, 2006. 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, 2006.

Results of the third quarter of 2007 are not necessarily indicative of results for the full year.

(2) Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS 157, *Fair Value Measurements*, which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 applies under other accounting pronouncements that require or permit fair value measurements. Accordingly, SFAS 157 does not require any new fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company has not completed its evaluation of the impact of the adoption of SFAS 157.

In February 2007, the FASB issued SFAS 159, *The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of FASB Statement No. 115* which permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS 159 is effective as of the beginning of an entity s first fiscal year that begins after November 15, 2007. The Company has not completed its evaluation of the impact of the adoption of SFAS 159.

(3) Stock-Based Compensation

On June 7, 2007, the Company s stockholders approved the adoption of the Beasley Broadcast Group, Inc. 2007 Equity Incentive Award Plan (the 2007 Plan). Under the 2007 Plan, the Company may issue up to 4.0 million shares of Class A common stock. The 2007 Plan allows for eligible employees, directors and certain consultants of the Company to receive shares of restricted stock, stock options or other stock-based awards. The restricted stock and stock option awards that have been granted generally vest over three to five years of service. 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. Stock options expire ten years from the date of grant.

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BEASLEY BROADCAST GROUP, INC

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

The 2007 Plan also provides the Company the ability to amend currently outstanding awards to reduce the per share exercise price of those awards.

The 2000 Equity Plan of Beasley Broadcast Group. Inc. (the 2000 Plan) was terminated upon adoption of the 2007 Plan, except with respect to outstanding awards. No new awards will be granted under the 2000 Plan.

A summary of restricted stock activity under the 2007 Plan as of September 30, 2007, and changes during the three months then ended is presented below:

	Shares	Weighted-Average Grant-Date Fair Value
Unvested as of July 1, 2007		$
Granted	5,000	7.19
Vested		
Forfeited		
Unvested as of September 30, 2007	5,000	$ 7.19

As of September 30, 2007, there was approximately $35,000 of total unrecognized compensation cost related to restricted stock granted under the 2007 Plan. That cost is expected to be recognized over a weighted-average period of 2.9 years.

A summary of restricted stock activity under the 2000 Plan as of September 30, 2007, and changes during the three months then ended is presented below:

	Shares	Weighted-Average Grant-Date Fair Value
Unvested as of July 1, 2007	514,773	$ 8.92
Vested		
Forfeited	(3,000)	7.25
Unvested as of September 30, 2007	511,773	$ 8.92

As of September 30, 2007, there was $3.3 million of total unrecognized compensation cost related to restricted stock granted under the 2000 Plan. That cost is expected to be recognized over a weighted-average period of 1.8 years.

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BEASLEY BROADCAST GROUP, INC

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

A summary of stock option activity under the 2000 Plan as of September 30, 2007, 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 July 1, 2007	2,636,584	$ 15.22		
Exercised				
Forfeited	(5,000)	15.50		
Outstanding as of September 30, 2007	2,631,584	$ 15.22	2.7	
Exercisable as of September 30, 2007	2,508,605	$ 15.30	2.6	

As of September 30, 2007, there was approximately $90,000 of total unrecognized compensation cost related to stock options granted under the 2000 Plan. That cost is expected to be recognized over a weighted-average period of 0.9 years.

(4) Acquisitions

On February 1, 2007, the Company acquired the assets of WJBR-FM in Wilmington, DE from NextMedia Group, Inc. for $42.0 million. This acquisition was financed with $42.0 million of borrowings under its credit facility. The Company purchased WJBR-FM to complement its current market cluster in Philadelphia, PA. Goodwill resulting from this acquisition was primarily related to the radio station s ratings in its target demographic and growth opportunities in the Wilmington radio market as well as the radio station s established operations and experienced workforce. The Company operated WJBR-FM under a local marketing agreement (LMA) with NextMedia Group, Inc. from October 1, 2006 until February 1, 2007. The Company included revenues earned and expenses incurred, including the associated fee, under the LMA in its results of operations during the term of the LMA with NextMedia Group, Inc. Effective February 1, 2007, the Company assigned its rights under the asset purchase agreement to a qualified intermediary to provide the option of structuring this acquisition and any subsequent dispositions as a reverse like-kind exchange in accordance with Section 1031 of the Internal Revenue Code. On May 7, 2007, WJBR-FM was transferred from the qualified intermediary back to the Company without the Company entering into any such transactions. The Company operated WJBR-FM under a local marketing agreement with the qualified intermediary from February 1, 2007 until May 7, 2007. The Company included revenues earned and expenses incurred, including the associated fee, under the LMA in its results of operations during the term of the LMA with the qualified intermediary.

The preliminary purchase price allocation is summarized as follows:

Property and equipment	$ 429,036
FCC broadcasting license	32,142,000
Goodwill	9,402,523
Other intangibles	179,466
Other	13,388
Payments for acquisition of radio station	$ 42,166,413

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BEASLEY BROADCAST GROUP, INC

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

On March 28, 2007, the Company acquired the assets of KBET-AM in Las Vegas, NV from AM Radio 790, Inc. for $2.5 million. This acquisition was funded with cash on hand. The Company purchased KBET-AM to complement its current market cluster in Las Vegas, NV. The operations of KBET-AM have been included in the Company s results of operations since its acquisition date.

The preliminary purchase price allocation is summarized as follows:

Property and equipment	$ 439,988
FCC broadcasting license	2,056,000
Goodwill	155,138
Payments for acquisition of radio station	$ 2,651,126

The following unaudited pro forma results of operations assume that the acquisitions of WJBR-FM and KBET-AM had occurred on January 1, 2006.

	Three months ended September 30,		Nine months ended September 30,	
	2006	2007	2006	2007
Net revenue	$ 32,546,993	$ 33,285,701	$ 94,841,190	$ 98,897,353
Operating income	7,180,333	5,085,493	20,323,293	17,214,464
Net income	2,386,803	992,722	7,250,067	4,090,077
Basic net income per share	0.10	0.04	0.30	0.18
Diluted net income per share	0.10	0.04	0.30	0.17

This unaudited pro forma information is not necessarily indicative of what would have occurred had the acquisitions been completed on January 1, 2006 or of results that may occur in the future.

(5) FCC Broadcasting Licenses

The changes in the carrying amount of FCC broadcasting licenses for the nine months ended September 30, 2007 are as follows:

Balance as of December 31, 2006	$ 206,324,298
Acquisition of WJBR-FM	32,142,000
Acquisition of KBET-AM	2,056,000
Balance as of September 30, 2007	$ 240,522,298

(6) Goodwill

The changes in the carrying amount of goodwill for the nine months ended September 30, 2007 are as follows:

Balance as of December 31, 2006	$ 19,931,568
Acquisition of WJBR-FM	9,402,523
Acquisition of KBET-AM	155,138
Balance as of September 30, 2007	$ 29,489,229

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BEASLEY BROADCAST GROUP, INC

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

(7) Long-Term Debt

Long-term debt is comprised of the following:

	December 31, 2006	September 30, 2007
Credit facility:		
Revolving credit loan	$ 54,375,000	$ 65,319,444
Term loan	100,000,000	128,055,556
	154,375,000	193,375,000
Less current installments	(3,750,000)	
	$ 150,625,000	$ 193,375,000

On April 13, 2007, the Company amended its credit agreement. The amended credit facility consists of a revolving credit loan with a maximum commitment of $102.1 million and a term loan of $128.1 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 the 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 6.875% as of December 31, 2006 and September 30, 2007 and mature on June 30, 2015. 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. In connection with the amended credit agreement, the Company recorded a $0.4 million loss on extinguishment of long-term debt during the nine months ended September 30, 2007.

As of September 30, 2007, the Company had $36.8 million in remaining commitments available under the revolving portion of its credit facility; however, as of September 30, 2007, the Company s maximum consolidated total debt covenant would have limited additional borrowings to $8.0 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, its 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 $193.4 million. The guarantees for the revolving credit loan and term loan expire on June 30, 2015.

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BEASLEY BROADCAST GROUP, INC

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

As of September 30, 2007, the scheduled repayments of the credit facility for the remainder of fiscal 2007 and the next four years and thereafter are as follows:

	Revolving credit loan	Term loan	Total credit facility
2007	$	$	$
2008			
2009		4,802,083	4,802,083
2010		6,402,778	6,402,778
2011		9,284,028	9,284,028
Thereafter	65,319,444	107,566,667	172,886,111
Total	$ 65,319,444	$ 128,055,556	$ 193,375,000

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 September 30, 2007, these financial covenants included:

Maximum Consolidated Total Debt Ratio. As of September 30, 2007, the Company s consolidated total debt must not have exceeded 6.25 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 October 1, 2007 to December 31, 2008, the maximum ratio remains 6.25 times. On the last day of each fiscal quarter for the period from January 1, 2009 through December 31, 2009, the maximum ratio is 5.75 times; on the last day of each fiscal quarter for the period from January 1, 2010 through December 31, 2010, the maximum ratio is 5.25 times; on the last day of each fiscal quarter for all periods after January 1, 2011, the maximum ratio is 4.75 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 paid for interest, income taxes, capital expenditures, scheduled principal repayments, dividends, and agency and commitment fees.

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 September 30, 2007, management of the Company believed it was in compliance with applicable financial covenants.

(8) Income Taxes

The Company s effective tax rate is approximately 39% for both periods presented in 2007 and approximately 40% for both periods presented in 2006, which differ 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.

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BEASLEY BROADCAST GROUP, INC

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

On January 1, 2007, the Company adopted the provisions of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109*, 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*, and determined that no adjustment to stockholders equity was required due to the adoption of FIN 48. The Company does not have any unrecognized tax benefits and does not anticipate any increase in unrecognized tax benefits during 2007 as a result of any tax positions taken prior to January 1, 2007. The Company records interest and penalties related to unrecognized tax benefits as incurred. As of January 1, 2007, the Company has not recorded any interest or penalties related to unrecognized tax benefits in its financial statements. The Company and its subsidiaries file a consolidated federal income tax return and various state returns. These returns remain subject to examination by taxing authorities for all years after 2003.

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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 12, 2007.

General

We are a radio broadcasting company whose primary business is acquiring, developing, and operating radio stations throughout the United States. We own and operate 44 radio stations in the following markets: Atlanta, GA, Boston, MA, Philadelphia, PA, Miami-Ft. Lauderdale, FL, Las Vegas, NV, West Palm Beach-Boca Raton, FL, Ft. Myers-Naples, FL, Wilmington, DE, Greenville-New Bern-Jacksonville, NC, Fayetteville, NC and Augusta, GA. We refer to each group of radio stations that we own in each radio market as a market cluster.

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

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- 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.

A growing source of revenue comes from our radio station websites primarily through the sale of advertiser promotions and advertising on our websites and the sale of advertising airtime during audio streaming of our radio stations over the internet. Our radio station websites contributed approximately 3.2% of net revenue during the three months ended September 30, 2007.

We use trade sales agreements to reduce cash paid for operating costs and 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 expense.

	Three months ended September 30,		Nine months ended September 30,	
	2006	2007	2006	2007
Trade sales revenue	$ 1,202,757	$ 1,119,703	$ 2,794,210	$ 3,164,973
Trade sales expense	$ 951,530	$ 1,109,669	$ 2,664,838	$ 2,884,633

Operating Costs and Expenses. Our operating 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, and (3) 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 39% for both periods presented in 2007 and approximately 40% for both periods presented in 2006, which differ 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.

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, 2006, 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

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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 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, 2006. 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.

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 nine months ended September 30, 2007. 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 September 2006, the FASB issued SFAS 157, *Fair Value Measurements*, which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 applies under other accounting pronouncements that require or permit fair value measurements. Accordingly, SFAS 157 does not require any new fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. We have not completed our evaluation of the impact of the adoption of SFAS 157.

In February 2007, the FASB issued SFAS 159, *The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of FASB Statement No. 115* which permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS 159 is effective as of the beginning of an entity s first fiscal year that begins after November 15, 2007. We have not completed our evaluation of the impact of the adoption of SFAS 159.

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Three Months Ended September 30, 2007 Compared to the Three Months Ended September 30, 2006

The following summary table presents a comparison of our results of operations for the three months ended September 30, 2006 and 2007 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 September 30,		Change	
	2006	2007	$	%
Net revenue	$ 31,056,757	$ 33,285,701	$ 2,228,944	7.2%
Cost of services	10,824,115	12,501,619	1,677,504	15.5
Selling, general and administrative expenses	10,804,085	12,240,981	1,436,896	13.3
Corporate general and administrative expenses	2,297,060	2,671,256	374,196	16.3
Interest expense	2,576,050	3,583,319	1,007,269	39.1

Net Revenue. The $2.2 million increase in net revenue during the three months ended September 30, 2007 was partially due to additional net revenue of $1.6 million from WJBR-FM in Wilmington, DE, which was acquired during the first quarter of 2007. The increase was also partially due to a $1.1 million increase at our Miami-Ft. Lauderdale market cluster primarily due to broadcasting the Miami Dolphins football games this season and improved performance in that market. We did not broadcast the Miami Dolphins football games during the 2006 season. These increases were partially offset by a $0.3 million decrease at our Las Vegas market cluster primarily due to weaker performance in that market despite additional net revenue of $0.5 million from KDWN-AM, which was acquired during the third quarter of 2006. Net revenue also decreased at six of our eight other market clusters.

Cost of Services. The $1.7 million increase in cost of services during the three months ended September 30, 2007 was primarily due to a $1.3 million increase at our Miami-Ft. Lauderdale market cluster primarily due to additional expenses from broadcasting the Miami Dolphins football games this season and an increase in other programming and promotional expenses in that market. The increase also included $0.3 million of additional expenses from WJBR-FM.

Selling, General and Administrative Expenses. The $1.4 million increase in selling, general and administrative expenses during the three months ended September 30, 2007 was primarily due to an increase in expenses at nine of our eleven market clusters and included an aggregate $0.7 million of additional expenses from WJBR-FM and KDWN-AM. The increase also included a $0.4 million increase at our Miami-Ft. Lauderdale market cluster partially due to additional expenses from broadcasting the Miami Dolphins football games this season.

Corporate General and Administrative Expenses. The $0.4 million increase in corporate general and administrative expenses during the three months ended September 30, 2007 was primarily due to an increase in cash compensation related to our continued development of interactive support services for our radio stations and severance expense.

Interest Expense. The $1.0 million increase in interest expense during the three months ended September 30, 2007 was primarily due to additional borrowings from our credit facility to partially finance the acquisitions of KDWN-AM and WJBR-FM.

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Nine Months Ended September 30, 2007 Compared to the Nine Months Ended September 30, 2006

The following summary table presents a comparison of our results of operations for the nine months ended September 30, 2006 and 2007 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.

	Nine months ended September 30,		Change	
	2006	2007	$	%
Net revenue	$ 90,341,576	$ 98,897,353	$ 8,555,777	9.5%
Cost of services	31,494,046	35,428,293	3,934,247	12.5
Selling, general and administrative expenses	32,154,350	36,012,966	3,858,616	12.0
LMA fees		159,084	159,084	
Corporate general and administrative expenses	6,604,417	7,728,012	1,123,595	17.0
Interest expense	6,344,977	10,487,802	4,142,825	65.3
Loss on extinguishment of long-term debt		366,599	366,599	

Net Revenue. The $8.6 million increase in net revenue during the nine months ended September 30, 2007 was partially due to additional net revenue of $4.8 million from WJBR-FM in Wilmington, DE, which was acquired during the first quarter of 2007. The increase was also partially due to a $1.4 million increase at our Miami-Ft. Lauderdale market cluster primarily due to broadcasting the Miami Dolphins football games this season and improved performance in that market. We did not broadcast the Miami Dolphins football games during the 2006 season. The increase was also partially due to a $0.8 million increase at our Las Vegas market cluster primarily due to additional net revenue of $1.6 million from KDWN-AM, which was acquired during the third quarter of 2006. The increase was also partially due to a $0.8 million increase at our Ft. Myers-Naples market cluster and a $0.5 million increase at our Philadelphia market cluster due to improved performance in those markets.

Cost of Services. The $3.9 million increase in cost of services during the nine months ended September 30, 2007 was partially due to a $2.0 million increase at our Miami-Ft. Lauderdale market cluster primarily due to additional expenses from broadcasting the Miami Dolphins football games this season and an increase in other programming and promotional expenses in that market. The increase was also partially due to an aggregate $1.9 million of additional expenses from WJBR-FM and KDWN-AM and a $0.7 million increase at our Philadelphia market cluster primarily due to a promotional campaign for one of our radio stations in that market. Cost of services decreased at the remaining radio stations in our Las Vegas market cluster and also at four of our seven other market clusters.

Selling, General and Administrative Expenses. The $3.9 million increase in selling, general and administrative expenses during the nine months ended September 30, 2007 was primarily due to an increase in expenses at nine of our eleven market clusters and included an aggregate $2.3 million of additional expenses from WJBR-FM and KDWN-AM. The increase also included a $0.5 million increase at our Miami-Ft. Lauderdale market cluster partially due to additional expenses from broadcasting the Miami Dolphins football games this season and a $0.5 million increase at our Philadelphia market cluster.

LMA fees. On October 1, 2006, we began operating WJBR-FM under a local marketing agreement, which expired upon completion of the acquisition of WJBR-FM on February 1, 2007. We incurred $0.2 million in LMA fees under the local marketing agreement during the nine months ended September 30, 2007.

Corporate General and Administrative Expenses. The $1.1 million increase in corporate general and administrative expenses during the nine months ended September 30, 2007 was primarily due to an increase in cash compensation related to our continued development of interactive support services for our radio stations, additional stock-based compensation expense and severance expense.

Interest Expense. The $4.1 million increase in interest expense during the nine months ended September 30, 2007 was partially due to the expiration of interest rate swap agreements during the second and third quarters of 2006, which were not replaced. The increase in interest expense was also partially due to additional borrowings from our credit facility to partially finance the acquisitions of KDWN-AM and WJBR-FM, and a general increase in interest rates.

Loss on Extinguishment of Long-Term Debt. On April 13, 2007, our credit agreement was amended to, among other things, reduce the interest rate on borrowings under the credit facility, extend the terms and maturities of the credit facility, and adjust the amortization schedule of the credit facility to take such extension of maturity into account. In connection with the amended credit agreement, we recorded a $0.4 million loss on extinguishment of long-term debt during the nine months ended September 30, 2007.

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 and radio station acquisitions. 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 towers and 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 and cash dividends.

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 has 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. Effective May 24, 2007, our board of directors authorized the extension of the repurchase period for one additional year. As of November 5, 2007, we had repurchased $11.6 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 nine months ended September 30, 2007, we paid $1.5 million and $4.4 for cash dividends, respectively. On September 5, 2007, 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 of $1.5 million was paid on October 19, 2007, to stockholders of record on September 28, 2007.

Our February 1, 2007 acquisition of the assets of WJBR-FM was financed with $42.0 million of borrowings under our credit facility. Our March 28, 2007 acquisition of the assets of KBET-AM was financed with cash on hand.

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;

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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.

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 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 cash flows for the nine months ended September 30, 2006 and 2007 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.

	Nine months ended September 30,	
	2006	**2007**
Net cash provided by operating activities	$ 16,471,803	$ 13,236,456
Net cash used in investing activities	(23,189,558)	(46,977,330)
Net cash provided by financing activities	3,071,186	31,284,334
Net decrease in cash and cash equivalents	$ (3,646,569)	$ (2,456,540)

Net Cash Provided By Operating Activities. Net cash provided by operating activities decreased by $3.2 million during the nine months ended September 30, 2007 compared to the same period in 2006 primarily due to a $7.9 million increase in cash paid for station operating expenses, a $3.9 million increase in cash paid for interest and a $0.8 million increase in cash paid for corporate general and administrative expenses. These increases were partially offset by a $7.4 million increase in cash receipts from the sale of advertising airtime and a $2.0 million decrease in cash paid for income taxes.

Net Cash Used In Investing Activities. Net cash used in investing activities in the nine months ended September 30, 2007 was primarily related to cash payments of $42.2 million for the acquisition of WJBR-FM in Wilmington, DE, cash payments of $2.7 million for the acquisition KBET-AM in Las Vegas, NV and cash payments for capital expenditures of $2.3 million. Net cash used in investing activities for the same period in 2006 was primarily due to cash payments of $22.0 million for the acquisition of KDWN-AM in Las Vegas and cash payments for capital expenditures of $3.3 million, which were partially offset by cash proceeds of $2.2 million from the sale of radio towers in Boca Raton, FL.

Net Cash Used In Financing Activities. Net cash provided by financing activities in the nine months ended September 30, 2007 was primarily due to additional borrowings of $42.0 million from our credit facility to finance the acquisition of WJBR-FM in Wilmington, DE, which were partially offset by cash dividends of $4.4 million, $3.1 million for repurchases of our Class A common stock, and voluntary repayments of $3.0 million of borrowings under our credit facility. Net cash provided by financing activities for the same period in 2006 was primarily due to additional borrowings of $16.0 million from our credit facility to finance the acquisition of KDWN-AM in Las Vegas, which were partially offset by voluntary repayments of $4.0 million of borrowings under our credit facility, cash dividends of $4.5 million, and $4.2 million for repurchases of our Class A common stock.

Credit Facility. As of October 31, 2007, the outstanding balance of our credit facility was $193.4 million. On April 13, 2007, we amended our credit agreement. Our amended credit facility consists of a revolving credit loan with a maximum commitment of $102.1 million and a term loan of $128.1 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 the 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 6.875% as of December 31, 2006 and September 30, 2007 and mature on June 30, 2015. 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. In connection with the amended credit agreement, we recorded a $0.4 million loss on extinguishment of long-term debt in the nine months ended September 30, 2007.

As of September 30, 2007, we had $36.8 million in remaining commitments available under the revolving portion of our credit facility; however, as of September 30, 2007, our maximum consolidated total debt covenant would have limited additional borrowings to $8.0 million.

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, our 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 $193.4 million. The guarantees for the revolving credit loan and term loan expire on June 30, 2015.

As of September 30, 2007, the scheduled repayments of the credit facility for the remainder of fiscal 2007 and the next four years and thereafter are as follows:

	Revolving credit loan	**Term loan**	**Total credit facility**
2007	$	$	$
2008			
2009		4,802,083	4,802,083
2010		6,402,778	6,402,778
2011		9,284,028	9,284,028
Thereafter	65,319,444	107,566,667	172,886,111
Total	$ 65,319,444	$ 128,055,556	$ 193,375,000

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 nine months ended September 30, 2007, our unused commitment fee was approximately $34,000 and $104,000, respectively.

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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 September 30, 2007, these financial covenants included:

Maximum Consolidated Total Debt Ratio. As of September 30, 2007, our consolidated total debt must not have exceeded 6.25 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 October 1, 2007 to December 31, 2008, the maximum ratio remains 6.25 times. On the last day of each fiscal quarter for the period from January 1, 2009 through December 31, 2009, the maximum ratio is 5.75 times; on the last day of each fiscal quarter for the period from January 1, 2010 through December 31, 2010, the maximum ratio is 5.25 times; on the last day of each fiscal quarter for all periods after January 1, 2011, the maximum ratio is 4.75 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.

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 paid for interest, income taxes, capital expenditures, scheduled principal repayments, dividends, and agency and commitment fees.

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, results of operations or financial condition.

As of September 30, 2007, we were in compliance with all applicable financial covenants under the credit facility. As of September 30, 2007, as calculated pursuant to the terms of our credit agreement, our consolidated total debt ratio was 6.00 times consolidated operating cash flow, our interest coverage ratio was 2.53 times interest expense, and our fixed charge coverage ratio was 1.45 times fixed charges.

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 September 30, 2007, 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 $1.9 million and our net income would decrease by $1.2 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.

In prior periods, we used interest rate swap agreements to mitigate our exposure to interest rate risk associated with our credit facility however these interest rate swap agreements have expired. As a result, we are now more exposed to the risk of loss arising from adverse changes in interest rates.

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ITEM 4. CONTROLS AND PROCEDURES.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective. There were no changes in our internal control over financial reporting during the quarter ended September 30, 2007 that have materially affected, or are reasonably likely to materially affect, our internal control 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, 2006, filed with the SEC on March 12, 2007. 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 September 30, 2007.

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
July 1 31, 2007	28,500	$ 8.65	28,500	$ 18,495,404
August 1 31, 2007	18,300	7.71	18,300	18,353,846
September 1 30, 2007	11,000	7.15	11,000	18,274,903
Total	57,800			

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 period of one year 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. Effective May 24, 2007, our board of directors authorized the extension of the repurchase period for one additional year.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

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

None.

ITEM 5. OTHER INFORMATION.

None.

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ITEM 6. EXHIBITS.

Exhibit Number	Description
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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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: November 7, 2007	/s/ George G. Beasley Name: George G. Beasley Title: Chairman of the Board and Chief Executive Officer
Dated: November 7, 2007	/s/ Caroline Beasley Name: Caroline Beasley Title: Vice President, Chief Financial Officer, Secretary, Treasurer and Director (principal financial and accounting officer)