SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended September 30, 2016

Commission File No. 0-25969

RADIO ONE, INC.

(Exact name of registrant as specified in its charter)

Delaware	**52-1166660**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

1010 Wayne Avenue,
14th Floor
Silver Spring, Maryland 20910
(Address of principal executive offices)

(301) 429-3200
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 ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ 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.

Large accelerated filer ☐ Accelerated filer ☑ 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 ☑

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

Class	Outstanding at October 28, 2016
Class A Common Stock, $.001 Par Value	1,718,099
Class B Common Stock, $.001 Par Value	2,861,843
Class C Common Stock, $.001 Par Value	2,928,906
Class D Common Stock, $.001 Par Value	41,054,474

TABLE OF CONTENTS

CERTAIN DEFINITIONS

Unless otherwise noted, throughout this report, the terms "Radio One," "the Company," "we," "our" and "us" refer to Radio One, Inc. together with its subsidiaries.

Cautionary Note Regarding Forward-Looking Statements

This document contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements do not relay historical facts, but rather reflect our current expectations concerning future operations, results and events. All statements other than statements of historical fact are "forward-looking statements" 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. You can identify some of these forward-looking statements by our use of words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "likely," "may," "estimates" and similar expressions. You can also identify a forward-looking statement in that such statements discuss matters in a way that anticipates operations, results or events that have not already occurred but rather will or may occur in future periods. We cannot guarantee that we will achieve any forward-looking plans, intentions, results, operations or expectations. Because these statements apply to future events, they are subject to risks and uncertainties, some of which are beyond our control that could cause actual results to differ materially from those forecasted or anticipated in the forward-looking statements. These risks, uncertainties and factors include (in no particular order), but are not limited to:

- economic sluggishness and volatility, credit and equity market unpredictability, employment outlook uncertainties and continued fluctuations in the United States and other world economies that may affect our business and financial condition, and the business and financial conditions of our advertisers;
- our high degree of leverage and potential inability to finance other strategic transactions given fluctuations in market conditions;
- fluctuations in the local economies of the markets in which we operate (particularly our largest markets: Atlanta; Baltimore; Houston; and Washington, DC) that could negatively impact our ability to meet our cash needs and our ability to maintain compliance with our debt covenants;
- fluctuations in the demand for advertising across our various media given fluctuations in the economic environment;
- risks associated with the implementation and execution of our business diversification strategy;
- increased competition in our markets and in the radio broadcasting and media industries;
- changes in media audience ratings and measurement technologies and methodologies;
- regulation by the Federal Communications Commission ("FCC") relative to maintaining our broadcasting licenses, enacting media ownership rules and enforcing of indecency rules;
- changes in our key personnel and on-air talent;
- increases in the costs of our programming, including on-air talent and content acquisition costs;
- financial losses that may be incurred due to impairment charges against our broadcasting licenses, goodwill, and other intangible assets, particularly in light of the current economic environment;
- increased competition from new media and new content distribution platforms and technologies;

- the impact of our acquisitions, dispositions and similar transactions, as well as consolidation in industries in which we and our advertisers operate; and
- other factors mentioned in our filings with the Securities and Exchange Commission ("SEC") including the factors discussed in detail in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K, for the year ended December 31, 2015.

You should not place undue reliance on these forward-looking statements, which reflect our views as of the date of this report. We undertake no obligation to publicly update or revise any forward-looking statements because of new information, future events or otherwise.

RADIO ONE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
	(Unaudited) (In thousands, except share data)	(As Reclassified)		(As Reclassified)
NET REVENUE	$ 110,856	$ 115,893	$ 342,663	$ 341,477
OPERATING EXPENSES:				
Programming and technical	32,093	32,785	96,789	98,667
Selling, general and administrative, including stock-based compensation of $49 and $82, and $194 and $259, respectively	35,855	41,462	114,541	118,656
Corporate selling, general and administrative, including stock-based compensation of $733 and $934, and $2,125 and $3,536, respectively	9,906	11,732	34,550	35,792
Depreciation and amortization	8,469	8,277	25,723	26,345
Impairment of long-lived assets	—	14,545	—	14,545
Total operating expenses	86,323	108,801	271,603	294,005
Operating income	24,533	7,092	71,060	47,472
INTEREST INCOME	51	33	174	68
INTEREST EXPENSE	20,319	20,356	61,488	59,620
GAIN (LOSS) ON RETIREMENT OF DEBT	—	—	2,646	(7,091)
OTHER (INCOME) EXPENSE, net	(22)	(39)	(76)	246
Income (loss) before provision for income taxes and noncontrolling interests in income of subsidiaries	4,287	(13,192)	12,468	(19,417)
PROVISION FOR INCOME TAXES	4,307	4,439	8,265	22,911
CONSOLIDATED NET (LOSS) INCOME	(20)	(17,631)	4,203	(42,328)
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	403	514	1,259	7,345
CONSOLIDATED NET (LOSS) INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ (423)	$ (18,145)	$ 2,944	$ (49,673)
BASIC AND DILUTED NET (LOSS) INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS				
Net (loss) income attributable to common stockholders	$ (0.01)	$ (0.38)	$ 0.06	$ (1.04)
WEIGHTED AVERAGE SHARES OUTSTANDING:				
Basic	47,481,004	48,220,262	48,066,267	47,963,763
Diluted	47,481,004	48,220,262	49,240,165	47,963,763

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

RADIO ONE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Unaudited) (In thousands)			
CONSOLIDATED NET (LOSS) INCOME	$ (20)	$ (17,631)	$ 4,203	$ (42,328)
NET CHANGE IN UNREALIZED GAIN ON INVESTMENT ACTIVITIES, NET OF TAX	—	—	—	115
COMPREHENSIVE (LOSS) INCOME	(20)	(17,631)	4,203	(42,213)
LESS: COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	403	514	1,259	7,345
COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ (423)	$ (18,145)	$ 2,944	$ (49,558)

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

RADIO ONE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	As of			
	September 30, 2016 (Unaudited)		December 31, 2015	
	(In thousands, except share data)			
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$	72,174	$	67,376
Trade accounts receivable, net of allowance for doubtful accounts of $6,743 and $6,899, respectively		101,393		105,184
Prepaid expenses		7,484		7,650
Current portion of content assets		33,193		28,638
Other current assets		3,986		4,711
Total current assets		218,230		213,559
CONTENT ASSETS, net		75,453		48,244
PROPERTY AND EQUIPMENT, net		25,720		29,278
GOODWILL		258,284		258,284
RADIO BROADCASTING LICENSES		645,107		643,239
OTHER INTANGIBLE ASSETS, net		122,198		141,433
OTHER ASSETS		14,537		12,487
Total assets	$	1,359,529	$	1,346,524
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND STOCKHOLDERS' DEFICIT				
CURRENT LIABILITIES:				
Accounts payable	$	5,003	$	8,464
Accrued interest		15,886		17,366
Accrued compensation and related benefits		11,600		12,929
Current portion of content payables		24,401		14,998
Other current liabilities		28,462		26,149
Current portion of long-term debt		3,500		3,500
Total current liabilities		88,852		83,406
LONG-TERM DEBT, net of current portion, original issue discount and issuance costs		1,002,283		1,020,837
CONTENT PAYABLES, net of current portion		18,450		6,885
OTHER LONG-TERM LIABILITIES		33,000		29,034
DEFERRED TAX LIABILITIES, net		271,006		266,900
Total liabilities		1,413,591		1,407,062
REDEEMABLE NONCONTROLLING INTERESTS		12,004		11,286
STOCKHOLDERS' DEFICIT:				
Convertible preferred stock, $.001 par value, 1,000,000 shares authorized; no shares outstanding at September 30, 2016 and December 31, 2015		—		—
Common stock — Class A, $.001 par value, 30,000,000 shares authorized; 1,733,189 and 2,103,907 shares issued and outstanding as of September 30, 2016 and December 31, 2015, respectively		2		2
Common stock — Class B, $.001 par value, 150,000,000 shares authorized; 2,861,843 shares issued and outstanding as of September 30, 2016 and December 31, 2015, respectively		3		3
Common stock — Class C, $.001 par value, 150,000,000 shares authorized; 2,928,906 shares issued and outstanding as of September 30, 2016 and December 31, 2015, respectively		3		3
Common stock — Class D, $.001 par value, 150,000,000 shares authorized; 41,039,384 and 42,096,641 shares issued and outstanding as of September 30, 2016 and December 31, 2015, respectively		41		42
Additional paid-in capital		983,124		983,847
Accumulated deficit		(1,049,239)		(1,055,721)
Total stockholders' deficit		(66,066)		(71,824)
Total liabilities, redeemable noncontrolling interests and stockholders' deficit	$	1,359,529	$	1,346,524

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

RADIO ONE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 (UNAUDITED)

	Convertible Preferred Stock	Common Stock Class A	Common Stock Class B	Common Stock Class C	Common Stock Class D	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Deficit
	(In Thousands, except share data)							
BALANCE, as of December 31, 2015	$ —	$ 2	$ 3	$ 3	$ 42	$ 983,847	$ (1,055,721)	$ (71,824)
Consolidated net income attributable to common stockholders	—	—	—	—	—	—	2,944	2,944
Tax impact of increased ownership of TV One	—	—	—	—	—	—	3,538	3,538
Repurchase of 1,585,703 shares of Class D common stock	—	—	—	—	(1)	(3,583)	—	(3,584)
Conversion of 370,718 shares of Class A common stock to Class D common stock	—	—	—	—	—	—	—	—
Adjustment of redeemable noncontrolling interests to estimated redemption value	—	—	—	—	—	541	—	541
Stock-based compensation expense	—	—	—	—	—	2,319	—	2,319
BALANCE, as of September 30, 2016	$ —	$ 2	$ 3	$ 3	$ 41	$ 983,124	$ (1,049,239)	$ (66,066)

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

RADIO ONE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30, 2016	2015
	(Unaudited) (In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated net income (loss)	$ 4,203	$ (42,328)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Depreciation and amortization	25,723	26,345
Amortization of debt financing costs	3,924	3,635
Amortization of content assets	36,076	36,270
Amortization of launch assets	61	2,050
Deferred income taxes	4,106	22,612
Impairment of long-lived assets	—	14,545
Stock-based compensation	2,319	3,795
(Gain) loss on retirement of debt	(2,646)	7,091
Tax impact of increased ownership of TV One	3,538	—
Effect of change in operating assets and liabilities:		
Trade accounts receivable	3,791	(3,903)
Prepaid expenses and other current assets	(295)	1,062
Other assets	212	773
Accounts payable	(3,461)	(2,979)
Accrued interest	(1,480)	3,706
Accrued compensation and related benefits	(1,329)	3,015
Other liabilities	6,772	2,005
Payment of launch support	—	(670)
Payments for content assets	(46,891)	(46,843)
Net cash flows provided by operating activities	34,623	30,181
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(4,021)	(6,005)
Cost method investment	—	(5,000)
Purchase of additional membership interest in TV One	—	(209,855)
Proceeds from sales of investment securities	—	3,524
Purchases of investment securities	—	(591)
Acquisition of station and broadcasting assets	(2,000)	—
Net cash flows used in investing activities	(6,021)	(217,927)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Premium paid on repayment of long-term debt	—	(827)
Proceeds from 2015 Credit Facility	—	350,000
Proceeds from debt issuance	—	350,000
Repayment of 2020 Notes	(17,174)	—
Repurchase of common stock	(3,584)	(1,423)
Repayment of credit facility	(2,625)	(369,407)
Repayment of TV One senior secured notes	—	(119,000)
Debt refinancing costs and original issue discount	(421)	(23,480)
Payment of dividends to noncontrolling interest members of TV One	—	(5,739)
Payment of dividends to noncontrolling interest members of Reach Media	—	(1,001)
Net cash flows (used in) provided by financing activities	(23,804)	179,123
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,798	(8,623)
CASH AND CASH EQUIVALENTS, beginning of period	67,376	67,781
CASH AND CASH EQUIVALENTS, end of period	$ 72,174	$ 59,158
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for:		
Interest	$ 59,044	$ 52,213
Income taxes, net	$ 496	$ 333
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Note payable incurred as part of purchase of additional membership interest in TV One	$ —	$ 11,872

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

RADIO ONE, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) Organization

Radio One, Inc. (a Delaware corporation referred to as “Radio One”) and its subsidiaries (collectively, the “Company”) is an urban-oriented, multi-media company that primarily targets African-American and urban consumers. Our core business is our radio broadcasting franchise which is the largest radio broadcasting operation that primarily targets African-American and urban listeners. We currently own and/or operate 56 broadcast stations located in 16 urban markets in the United States. While our primary source of revenue is the sale of local and national advertising for broadcast on our radio stations, our strategy is to operate as the premier multi-media entertainment and information content provider targeting African-American and urban consumers. Thus, we have diversified our revenue streams by making acquisitions and investments in other complementary media properties. Our other media interests include our ownership of TV One, LLC (“TV One”), an African-American targeted cable television network; our ownership of Interactive One, LLC (“Interactive One”), our wholly-owned online platform serving the African-American community through social content, news, information, and entertainment websites, including Global Grind, News One, TheUrbanDaily and HelloBeautiful, and online social networking websites, including BlackPlanet and MiGente; and our 80.0% ownership interest in Reach Media, Inc. (“Reach Media”) which operates the Tom Joyner Morning Show and our other syndicated programming assets, including the Rickey Smiley Morning Show, the Russ Parr Morning Show and the DL Hughley Show. In May 2014, the Company agreed to invest a minimum of $5 million up to a maximum of $40 million in MGM’s development of a world-class casino property, MGM National Harbor, located in Prince George’s County, Maryland. On April 10, 2015, the Company made its minimum $5 million investment and accounted for this investment on a cost basis. Upon completion of the project, currently anticipated to be in December 2016, and satisfaction of final licensing requirements, we will make the remainder of this investment, which will further diversify our platform in the entertainment industry while still focusing on our core demographic.

As part of our consolidated financial statements, consistent with our financial reporting structure and how the Company currently manages its businesses, we have provided selected financial information on the Company’s four reportable segments: (i) radio broadcasting; (ii) Reach Media; (iii) internet; and (iv) cable television. (See Note 8 – *Segment Information*.)

(b) Interim Financial Statements

The interim consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). In management’s opinion, the interim financial data presented herein include all adjustments (which include only normal recurring adjustments) necessary for a fair presentation. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) have been condensed or omitted pursuant to such rules and regulations.

Results for interim periods are not necessarily indicative of results to be expected for the full year. This Form 10-Q should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s 2015 Annual Report on Form 10-K.

Certain reclassifications have been made to prior year balances to conform to the current year presentation. These reclassifications had no effect on any other previously reported or consolidated net income or loss or any other statement of operations, balance sheet or cash flow amounts. Where applicable, these financial statements have been identified as “As Reclassified.”

(c) Financial Instruments

Financial instruments as of September 30, 2016, and December 31, 2015, consisted of cash and cash equivalents, trade accounts receivable, long-term debt and redeemable noncontrolling interests. The carrying amounts approximated fair value for each of these financial instruments as of September 30, 2016, and December 31, 2015, except for the Company's outstanding senior subordinated notes, secured notes and senior secured credit facility. The 9.25% Senior Subordinated Notes which are due in February 2020 (the "2020 Notes") had a carrying value of approximately $315.0 million as of September 30, 2016, and approximately $335.0 million as of December 31, 2015. The 2020 Notes had a fair value of approximately $293.0 million and $258.0 million as of September 30, 2016, and December 31, 2015, respectively. The 7.375% Senior Secured Notes that are due in March 2022 (the "2022 Notes") had a carrying value of approximately $350.0 million as of September 30, 2016, and December 31, 2015, and fair value of approximately $353.5 million and $311.5 million as of September 30, 2016, and December 31, 2015, respectively. The $350.0 million senior secured credit facility (the "2015 Credit Facility") had a carrying value of approximately $345.6 million and $348.3 million as of September 30, 2016, and December 31, 2015, respectively, and fair value of approximately $343.9 million and $353.0 million as of September 30, 2016, and December 31, 2015, respectively. The fair values of the 2020 Notes, 2022 Notes and the 2015 Credit Facility, classified as Level 2 instruments, were determined based on the trading values of these instruments in an inactive market as of the reporting date. The senior unsecured promissory note in the aggregate principal amount of approximately $11.9 million (the "Comcast Note") had a carrying value of approximately $11.9 million as of September 30, 2016, and December 31, 2015. The fair value of the Comcast Note was approximately $11.9 million as of each of September 30, 2016, and December 31, 2015. The fair value of the Comcast Note, classified as a Level 3 instrument, was determined based on the fair value of a similar instrument as of the reporting date using updated interest rate information derived from changes in interest rates since inception to the reporting date. See Note 5 – *Long-Term Debt* for further description of our credit facilities and outstanding notes.

(d) Revenue Recognition

Within our radio broadcasting and Reach Media segments, the Company recognizes revenue for broadcast advertising when a commercial is broadcast, and the revenue is reported net of agency and outside sales representative commissions, in accordance with Accounting Standards Codification ("ASC") 605, "*Revenue Recognition*". Agency and outside sales representative commissions are calculated based on a stated percentage applied to gross billing. Generally, clients remit the gross billing amount to the agency or outside sales representative, and the agency or outside sales representative remits the gross billing, less their commission, to the Company. For our radio broadcasting segment, agency and outside sales representative commissions were approximately $6.4 million and $6.5 million for the three months ended September 30, 2016 and 2015, respectively. Agency and outside sales representative commissions were approximately $19.0 million and $19.1 million for the nine months ended September 30, 2016 and 2015, respectively.

Interactive One generates the majority of the Company's internet revenue, and derives such revenue principally from advertising services on non-radio station branded but Company-owned websites. Advertising services include the sale of banner and sponsorship advertisements. Advertising revenue is recognized either as impressions (the number of times advertisements appear in viewed pages) are delivered, when "click through" purchases are made, or ratably over the contract period, where applicable. In addition, Interactive One derives revenue from its studio operations, in which it provides third-party clients with publishing services including digital platforms and expertise. In the case of the studio operations, revenue is recognized primarily through fixed contractual monthly fees and/or as a share of the third party's reported revenue.

TV One derives advertising revenue from the sale of television air time to advertisers and recognizes revenue when the advertisements are run. TV One also derives revenue from affiliate fees under the terms of various affiliation agreements based on a per subscriber fee multiplied by the most recent subscriber counts reported by the applicable affiliate. For our cable television segment, agency and outside sales representative commissions were approximately $3.8 million and $4.2 million for the three months ended September 30, 2016 and 2015, respectively. Agency and outside sales representative commissions were approximately $11.8 million and $11.4 million for the nine months ended September 30, 2016 and 2015, respectively.

(e) Launch Support

TV One has entered into certain affiliate agreements requiring various payments by TV One for launch support. Launch support assets are used to initiate carriage under affiliation agreements and are amortized over the term of the respective contracts. Launch support amortization is recorded as a reduction to revenue. TV One did not incur any launch support fees during the nine months ended September 30, 2016. TV One paid $670,000 of launch support for the nine months ended September 30, 2015. The weighted-average amortization period for launch support is approximately 10.9 years at each of September 30, 2016, and December 31, 2015. The remaining weighted-average amortization period for launch support is 8.2 years and 8.9 years as of September 30, 2016, and December 31, 2015, respectively. For the three and nine months ended September 30, 2016, launch support asset amortization of $20,000 and $61,000, respectively, was recorded as a reduction to revenue. For the three and nine months ended September 30, 2015, launch support asset amortization of $594,000 and approximately $2.1 million, respectively, was recorded as a reduction to revenue.

(f) Barter Transactions

For barter transactions, the Company provides advertising time in exchange for programming content and certain services and accounts for these exchanges in accordance with ASC 605, "*Revenue Recognition*". The Company includes the value of such exchanges in both broadcasting net revenue and station operating expenses. The valuation of barter time is based upon the fair value of the network advertising time provided for the programming content and services received. For the three months ended September 30, 2016 and 2015, barter transaction revenues were $491,000 and $599,000, respectively. Additionally, for the three months ended September 30, 2016 and 2015, barter transaction costs were reflected in programming and technical expenses of $450,000 and $552,000, respectively, and selling, general and administrative expenses of $41,000 and $47,000, respectively. For the nine months ended September 30, 2016 and 2015, barter transaction revenues were approximately $1.6 million and $1.7 million, respectively. Additionally, for the nine months ended September 30, 2016 and 2015, barter transaction costs were reflected in programming and technical expenses of approximately $1.5 million and $1.6 million, respectively, and selling, general and administrative expenses of $122,000 and $142,000, respectively.

(g) Earnings Per Share

Basic earnings per share is computed on the basis of the weighted average number of shares of common stock (Classes A, B, C and D) outstanding during the period. Diluted earnings per share is computed on the basis of the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. The Company's potentially dilutive securities include stock options and unvested restricted stock. Diluted earnings per share considers the impact of potentially dilutive securities except in periods in which there is a net loss, as the inclusion of the potentially dilutive common shares would have an anti-dilutive effect.

The following table sets forth the calculation of basic and diluted earnings per share from continuing operations (in thousands, except share and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	**2015**	**2016**	**2015**
		(Unaudited) (In Thousands)		
Numerator:				
Net (loss) income attributable to common stockholders	$ (423)	$ (18,145)	$ 2,944	$ (49,673)
Denominator:				
Denominator for basic net (loss) income per share - weighted average outstanding shares	47,481,004	48,220,262	48,066,267	47,963,763
Effect of dilutive securities:				
Stock options and restricted stock	—	—	1,173,898	—
Denominator for diluted net (loss) income per share - weighted-average outstanding shares	47,481,004	48,220,262	49,240,165	47,963,763
Net (loss) income attributable to common stockholders per share – basic	$ (0.01)	$ (0.38)	$ 0.06	$ (1.04)
Net (loss) income attributable to common stockholders per share –diluted	$ (0.01)	$ (0.38)	$ 0.06	$ (1.04)

All stock options and restricted stock awards were excluded from the diluted calculation for the three months ended September 30, 2016 and 2015, and for the nine months ended September 30, 2015, as their inclusion would have been anti-dilutive. The following table summarizes the potential common shares excluded from the diluted calculation.

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
		(Unaudited) (In Thousands)	
Stock options	3,700	3,417	3,417
Restricted stock awards	1,117	1,671	2,062

(h) Fair Value Measurements

We report our financial and non-financial assets and liabilities measured at fair value on a recurring and non-recurring basis under the provisions of ASC 820, *"Fair Value Measurements and Disclosures."* ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

The fair value framework requires the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant management judgment. The three levels are defined as follows:

Level 1: Inputs are unadjusted quoted prices in active markets for identical assets and liabilities that can be accessed at measurement date.

Level 2: Observable inputs other than those included in Level 1 (i.e., quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets).

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value instrument.

As of September 30, 2016, and December 31, 2015, the fair values of our financial assets and liabilities measured on a recurring basis are categorized as follows:

	Total	Level 1	Level 2	Level 3
		(Unaudited) (In thousands)		
As of September 30, 2016				
Liabilities subject to fair value measurement:				
Employment agreement award (a)	$ 25,695	$ —	$ —	$ 25,695
Mezzanine equity subject to fair value measurement:				
Redeemable noncontrolling interests (b)	$ 12,004	$ —	$ —	$ 12,004
As of December 31, 2015				
Liabilities subject to fair value measurement:				
Incentive award plan (c)	$ 1,506	$ —	$ —	$ 1,506
Employment agreement award (a)	20,915	—	—	20,915
Total	$ 22,421	$ —	$ —	$ 22,421
Mezzanine equity subject to fair value measurement:				
Redeemable noncontrolling interests (b)	$ 11,286	$ —	$ —	$ 11,286

(a) Pursuant to an employment agreement (the “Employment Agreement”) executed in April 2008, the Chief Executive Officer (“CEO”) is eligible to receive an award (the “Employment Agreement Award”) amount equal to approximately 4% of any proceeds from distributions or other liquidity events in excess of the return of the Company’s aggregate pre-Comcast Buyout (as defined below) capital contribution in TV One. The Company reviews the factors underlying this award at the end of each quarter including the valuation of TV One (based on the estimated enterprise fair value of TV One as determined by a discounted cash flow analysis), and an assessment of the probability that the Employment Agreement will be renewed and contain this provision. There are probability factors included in the calculation of the award related to the likelihood that the award will be realized. The Company’s obligation to pay the award was triggered after the Company’s recovery of the aggregate amount of our pre-Comcast Buyout (as defined below) capital contribution in TV One, and payments are required only upon actual receipt of distributions of cash or marketable securities or proceeds from a liquidity event. The CEO was fully vested in the award upon execution of the Employment Agreement, and the award lapses if the CEO voluntarily leaves the Company or is terminated for cause. A third-party valuation firm assisted the Company in estimating TV One’s fair value using the discounted cash flow analysis. Significant inputs to the discounted cash flow analysis include forecasted operating results, discount rate and a terminal value. As noted in our current report on Form 8-K filed October 6, 2014, the Compensation Committee of the Board of Directors of the Company approved terms for a new employment agreement with the CEO, including a renewal of the Employment Agreement Award upon similar terms as in the prior Employment Agreement. While a new employment agreement has not been executed as of the date of this report, the CEO is being compensated according to the new terms approved by the Compensation Committee.

(b) The redeemable noncontrolling interest in Reach Media is measured at fair value using a discounted cash flow methodology. A third-party valuation firm assisted the Company in estimating the fair value. Significant inputs to the discounted cash flow analysis include forecasted operating results, discount rate and a terminal value.

(c) Balance was measured based on the estimated enterprise fair value of TV One as determined by a discounted cash flow analysis. Significant inputs to the discounted cash flow analysis include forecasted operating results, discount rate and a terminal value. A third-party valuation firm assisted the Company in estimating TV One’s fair value using the discounted cash flow analysis.

There were no transfers in or out of Level 1, 2, or 3 during the three or nine months ended September 30, 2016. The following table presents the changes in Level 3 liabilities measured at fair value on a recurring basis for the nine months ended September 30, 2016 and 2015, respectively:

	Incentive Award Plan	Employment Agreement Award	Redeemable Noncontrolling Interests
		(In thousands)	
Balance at December 31, 2015	$ 1,506	$ 20,915	$ 11,286
Net income attributable to noncontrolling interests	—	—	1,259
Distribution	(1,480)	(1,049)	—
Change in fair value	(26)	5,829	(541)
Balance at September 30, 2016	$ —	$ 25,695	$ 12,004
The amount of total gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets and liabilities still held at the reporting date	$ 26	$ (5,829)	$ —

	Incentive Award Plan	Employment Agreement Award	Redeemable Noncontrolling Interests
		(In thousands)	
Balance at December 31, 2014	$ 1,044	$ 17,993	$ 10,836
Net income attributable to noncontrolling interests	—	—	1,243
Dividends paid to noncontrolling interests	—	—	(1,001)
Change in fair value	79	2,344	(353)
Balance at September 30, 2015	$ 1,123	$ 20,337	$ 10,725
The amount of total losses for the period included in earnings attributable to the change in unrealized losses relating to assets and liabilities still held at the reporting date	$ (79)	$ (2,344)	$ —

Losses included in earnings were recorded in the consolidated statements of operations as corporate selling, general and administrative expenses for the three and nine months ended September 30, 2016 and 2015.

For Level 3 assets and liabilities measured at fair value on a recurring basis, the significant unobservable inputs used in the fair value measurements were as follows:

Level 3 liabilities	Valuation Technique	Significant Unobservable Inputs	As of September 30, 2016	As of December 31, 2015	As of September 30, 2015
			Significant Unobservable Input Value		
Incentive award plan	Discounted Cash Flow	Discount Rate	N/A*	10.8%	10.4%
Incentive award plan	Discounted Cash Flow	Long-term Growth Rate	N/A*	3.0%	3.0%
Employment agreement award	Discounted Cash Flow	Discount Rate	10.5%	10.8%	10.4%
Employment agreement award	Discounted Cash Flow	Long-term Growth Rate	2.5%	3.0%	3.0%
Redeemable noncontrolling interest	Discounted Cash Flow	Discount Rate	10.5%	11.8%	11.5%
Redeemable noncontrolling interest	Discounted Cash Flow	Long-term Growth Rate	1.0%	1.5%	1.5%

* Final distribution related to the incentive award plan occurred during the first quarter of 2016.

Any significant increases or decreases in discount rate or long-term growth rate inputs could result in significantly higher or lower fair value measurements.

Certain assets and liabilities are measured at fair value on a non-recurring basis using Level 3 inputs as defined in ASC 820. These assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances. Included in this category are goodwill, radio broadcasting licenses and other intangible assets, net, that are written down to fair value when they are determined to be impaired, as well as content assets that are periodically written down to net realizable value. The Company concluded these assets were not impaired during the nine months ended September 30, 2016 and 2015, and, therefore, were reported at carrying value as opposed to fair value.

(i) Impact of Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, " *Revenue from Contracts with Customers*" ("ASU 2014-09"), which supersedes the revenue recognition requirements in ASC 605, "*Revenue Recognition*" and most industry-specific guidance throughout the codification. The standard requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. On July 9, 2015, the FASB voted and approved to defer the effective date of ASU 2014-09 by one year. As a result, ASU 2014-09 will be effective for fiscal years beginning after December 15, 2017, with early adoption permitted but not prior to the original effective date of annual periods beginning after December 15, 2016. The Company has not yet completed its assessment of the impact of the new standard, including possible transition alternatives, on its consolidated financial statements. In March 2016, the FASB issued ASU 2016-08, "*Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net*)" ("ASU 2016-08"). The amendments in ASU 2016-08 clarify the implementation guidance on principal versus agent considerations. ASU 2016-08 is effective for the Company for annual and interim reporting periods beginning July 1, 2018. The Company is currently evaluating the impact ASU 2016-08 will have on its consolidated financial statements. In April 2016, the FASB issued ASU 2016-10, " *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*" ("ASU 2016-10"). ASU 2016-10 clarifies the implementation guidance on identifying performance obligations. In May 2016, the FASB issued ASU 2016-11, "*Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815): Rescission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16 Pursuant to Staff Announcements at the March 3, 2016 EITF Meeting"* ("ASU 2016-11") and ASU 2016-12, *"Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients"* ("ASU 2016-12"). ASU 2016-11 and ASU 2016-12 provide additional clarification and implementation guidance on the previously issued ASU 2014-09. The Company is currently evaluating the impact ASU 2016-10, ASU 2016-11 and ASU 2016-12 will have on its consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, " *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*" ("ASU 2015-03"). ASU 2015-03 aims to simplify the presentation of debt issuance costs by requiring debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Prior to ASU 2015-03, debt issuance costs were presented as a deferred charge under GAAP. ASU 2015-03 is effective for fiscal years beginning after December 15, 2015, and is to be applied retrospectively, with early adoption permitted. The Company early adopted ASU 2015-03 during the year ended December 31, 2015, resulting in approximately $7.4 million of net debt issuance costs presented as a direct reduction to the Company's long-term debt in the consolidated balance sheet as of December 31, 2015. In August 2015, the FASB issued ASU 2015-15, " *Interest - Imputation of Interest: Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements*" ("ASU 2015-15"), which allows companies to continue to defer and present debt issuance costs as an asset that is amortized ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. The Company adopted ASU 2015-15 on January 1, 2016, and capitalized $421,000 of debt issuance costs for the nine months ended September 30, 2016, associated with its new line of credit arrangement.

In November 2015, the FASB issued ASU 2015-17, "*Balance Sheet Classification of Deferred Taxes*" ("ASU 2015-17"), which simplifies the presentation of deferred income taxes by requiring deferred tax assets and liabilities to be classified as noncurrent in the consolidated balance sheet. ASU 2015-17 is effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted and may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. We early adopted ASU 2015-17 in the fourth quarter of 2015 on a retroactive basis and included the current portion of deferred tax liabilities within the noncurrent portion of deferred tax liabilities within our consolidated balance sheets. However, we did not adjust our prior period consolidated balance sheet as a result of the adoption of this ASU as the impact was immaterial.

In February 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*" ("ASU 2016-02"), which is a new lease standard that amends lease accounting. ASU 2016-02 will require lessees to recognize a lease asset and lease liability for leases classified as operating leases. ASU 2016-02 is effective for annual periods beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. The Company has not yet completed its assessment of the impact of the new standard on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, "*Compensation - Stock Compensation (Topic 718)*" ("ASU 2016-09"), which relates to the accounting for employee share-based payments. This standard provides updated guidance for the accounting for certain aspects of share-based payment awards to employees, including the accounting for income taxes, forfeitures, statutory tax withholding requirements and the classification on the statement of cash flows. This standard will be effective for interim and annual reporting periods after December 15, 2016, including interim periods within those fiscal years, with early adoption permitted. The Company has not yet completed its assessment of the impact of the new standard on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, "*Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*" ("ASU 2016-13"). ASU 2016-13 is intended to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This standard will be effective for interim and annual reporting periods after December 15, 2019, including interim periods within those fiscal years, with early adoption permitted for annual periods after December 15, 2018. The Company has not yet completed its assessment of the impact of the new standard on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, " *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (A Consensus of the Emerging Issues Task Force)*" ("ASU 2016-15"). ASU 2016-15 is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. This standard will be effective for interim and annual reporting periods after December 15, 2017, including interim periods within those fiscal years, with early adoption permitted. The Company has not yet completed its assessment of the impact of the new standard on its consolidated financial statements.

(j) Redeemable noncontrolling interest

Redeemable noncontrolling interests are interests in subsidiaries that are redeemable outside of the Company's control either for cash or other assets. These interests are classified as mezzanine equity and measured at the greater of estimated redemption value at the end of each reporting period or the historical cost basis of the noncontrolling interests adjusted for cumulative earnings allocations. The resulting increases or decreases in the estimated redemption amount are affected by corresponding charges against retained earnings, or in the absence of retained earnings, additional paid-in-capital.

(k) Content Assets

TV One has entered into contracts to acquire entertainment programming rights and programs from distributors and producers. The license periods granted in these contracts generally run from one year to ten years. Contract payments are made in installments over terms that are generally shorter than the contract period. Each contract is recorded as an asset and a liability at an amount equal to its gross contractual commitment when the license period begins and the program is available for its first airing. Acquired content is generally amortized on a straight-line method over the term of the license which reflects the estimated usage. For certain content for which the pattern of usage is accelerated, amortization is based upon the actual usage.

The Company also has programming for which the Company has engaged third parties to develop and produce, and it owns most or all rights (commissioned programming). Content amortization expense for each period is recognized based on the revenue forecast model, which approximates the proportion that estimated advertising and affiliate revenues for the current period represent in relation to the estimated remaining total lifetime revenues.

Acquired program rights are recorded at the lower of unamortized cost or estimated net realizable value. Estimated net realizable values are based on the estimated revenues associated with the program materials and related expenses. In evaluating its contracts for recoverability for the three and nine months ended September 30, 2016, the Company recognized an impairment and recorded additional amortization expense of $0 and approximately $1.9 million, respectively. In evaluating its contracts for recoverability for the three and nine months ended September 30, 2015, the Company recognized an impairment and recorded additional amortization expense of $501,000. All produced and licensed content is classified as a long-term asset, except for the portion of the unamortized content balance that is expected to be amortized within one year which is classified as a current asset.

Tax incentives offered by state and local governments that are directly measured based on production activities are recorded as reductions in production costs.

(l) Derivatives

The Company recognizes all derivatives at fair value in the consolidated balance sheet as either an asset or liability. The accounting for changes in the fair value of a derivative, including certain derivative instruments embedded in other contracts, depends on the intended use of the derivative and the resulting designation.

The Company has accounted for the Employment Agreement Award as a derivative instrument in accordance with ASC 815, *"Derivatives and Hedging."* The Company estimated the fair value of the award at September 30, 2016, and December 31, 2015, to be approximately $25.7 million and $20.9 million, respectively, and accordingly, adjusted its liability to this amount. The long-term portion is recorded in other long-term liabilities and the current portion is recorded in other current liabilities in the consolidated balance sheets. The current portion is calculated based on forecasted cash dividends to be received from TV One. The expense associated with the Employment Agreement Award was recorded in the consolidated statements of operations as corporate selling, general and administrative expenses and was approximately $1.0 million and $882,000 for the three months ended September 30, 2016, and 2015, respectively, and was approximately $5.8 million and $2.3 million for the nine months ended September 30, 2016, and 2015, respectively.

The Company’s obligation to pay the Employment Agreement Award was triggered after the Company’s recovery of the aggregate pre-Comcast Buyout (as defined below) capital contribution in TV One and payments are only required upon actual receipt of distributions of cash or marketable securities or proceeds from a liquidity event with respect to the Company’s pre-Comcast Buyout capital contribution in TV One. The CEO was fully vested in the award upon execution of the Employment Agreement, and the award lapses if the CEO voluntarily leaves the Company, or is terminated for cause. The Compensation Committee of the Board of Directors of the Company has approved terms for a new employment agreement with the CEO, including a renewal of the Employment Agreement Award upon similar terms as in the prior Employment Agreement. While a new Employment Agreement has not been executed as of the date of this report, the CEO is being compensated according to the new terms approved by the Compensation Committee.

(m) Related Party Transactions

Reach Media provides office facilities (including office space, telecommunications facilities, and office equipment) to the Tom Joyner Foundation, Inc. (the “Foundation”), a 501(c)(3) entity, and to Tom Joyner, LTD. (“Limited”), Tom Joyner’s production company. Such services are provided to the Foundation and to Limited on a pass-through basis at cost. Under these arrangements, as of September 30, 2016 and December 31, 2015, the amounts owed to Reach Media were immaterial.

Reach Media operates the Tom Joyner Fantastic Voyage, a fund raising event for the Foundation. The terms of the agreement are that Reach Media provides all necessary operations for the Fantastic Voyage, that the Foundation reimburses the Company for all related expenses, and that the Foundation pays a fee plus a performance bonus to Reach Media. The fee is up to the first $1.0 million after the Fantastic Voyage nets $250,000 to the Foundation. The balance of any operating income is earned by the Foundation less a performance bonus of 50% to Reach Media of any excess over $1.25 million. The Foundation’s remittances to Reach Media under the agreement are limited to its Fantastic Voyage-related cash revenues; Reach Media bears the risk should the Fantastic Voyage sustain a loss and bears all credit risk associated with the related customer cabin sales.

The Fantastic Voyage took place during the second quarters of both 2016 and 2015. For the nine months ended September 30, 2016, Reach Media’s revenues, expenses, and operating income for the Fantastic Voyage were approximately $8.8 million, $7.8 million, and $1.0 million, respectively, and for the nine months ended September 30, 2015, approximately $8.7 million, $7.5 million, and $1.2 million, respectively. As of September 30, 2016 and December 31, 2015, the Foundation owed Reach Media approximately $1.1 million and $1.2 million, respectively, under the agreement, for operations on the next cruise.

2. ACQUISITIONS AND DISPOSITIONS:

As of June 2011, our sole Boston radio station was made the subject of a time brokerage agreement (“TBA”), similar in operation to a local marketing agreement (“LMA”), whereby, we have made available, for a fee, air time on this station to another party. On February 3, 2014, the Company executed a new TBA, effective December 1, 2013, for the station. The TBA has a three-year term, and, at the conclusion of the TBA, the station will be conveyed to Radio Boston Broadcasting, Inc., an affiliate of Pacific Media International, LLC. As a result, the station’s radio broadcasting license was classified as a short-term other asset as of September 30, 2016, and December 31, 2015, and is being amortized through the anticipated conveyance date.

On October 20, 2011, we entered into a TBA with WGPR, Inc. (“WGPR”). Pursuant to the TBA, beginning October 24, 2011, we began to broadcast programs produced, owned or acquired by Radio One on WGPR’s Detroit radio station, WGPR-FM. We pay certain operating costs of WGPR-FM, and in exchange we retain all revenues from the sale of the advertising within the programming we provide. The original term of the TBA was through December 31, 2014; however, in September 2014, we entered into an amendment to the TBA to extend the term of the TBA through December 31, 2019. Under the terms of the TBA, WGPR has also granted us certain rights of first negotiation and first refusal, with respect to the sale of WGPR-FM by WGPR and with respect to any potential time brokerage agreement for WGPR-FM covering any time period subsequent to the term of the TBA.

On April 17, 2015, the Company used the net proceeds from its issuance of its 2022 Notes, along with the 2015 Credit Facility and Comcast Note, to refinance certain indebtedness and finance the purchase of all the membership interests of an affiliate of Comcast Corporation ("Comcast") in TV One (the "Comcast Buyout"). In connection with the Comcast Buyout, the Company acquired all of Comcast's membership interest in TV One for approximately $221.7 million which consisted of approximately $211.1 million in cash paid at closing with a subsequent favorable working capital adjustment of approximately $1.3 million and the issuance of the Comcast Note in the amount of approximately $11.9 million. As of April 17, 2015, the Company owned a 99.6% interest in TV One. The Comcast Buyout was treated as an equity transaction in accordance with ASC 810-45-23, as the Company already had control of TV One. TV One is now wholly-owned, as it has redeemed all management interests that were outstanding.

On November 12, 2015, the Company entered into a two-station LMA with Wilks Broadcasting Group for 95.5 FM-WZOH and 107.1 FM-WHOK. While under the LMA, the stations were a variable interest entity ("VIE") for which we were not the primary beneficiary based on the fact that we did not have the power to direct the activities of the VIE that most significantly impacted its economic performance. The Company also entered into an asset purchase agreement to acquire the stations. This acquisition doubled the size of the previously two-station urban music cluster in Columbus, Ohio. The Company completed the acquisition of the stations on February 3, 2016, and as a result of the acquisition, the stations are no longer treated as a VIE. Total consideration paid was approximately $2.0 million. The Company's preliminary purchase accounting to reflect the fair value of assets acquired and liabilities assumed consisted of approximately $1.9 million to radio broadcasting licenses, $957,000 to property and equipment, $84,000 to other intangible assets, offset by a lease liability of $909,000. The initial purchase price allocation is preliminarily based upon all information available to the Company at the present time and is subject to change. The Company continues to review the underlying assumptions and valuation techniques utilized to calculate the fair value of primarily the radio broadcasting licenses, property and equipment, and lease liability.

On June 15, 2016, the Company acquired a translator with the call sign W231BI licensed to Utica, New York (the "Translator") for $40,000 from Educational Media Foundation. On July 25, 2016, the Company entered into a sale agreement with Beasley Media Group, Inc. ("Beasley") for the sale of the Translator for $400,000. The Company completed the sale to Beasley on October 21, 2016.

During the quarter ended September 30, 2016, the Company entered into a letter of intent to sell certain land, towers and equipment to a third party which the Company expects to close in the next twelve months. The closing of the transaction is subject to certain customary conditions, including execution of a definitive agreement. The identified assets have been classified as held for sale in the consolidated balance sheet at September 30, 2016. The combined net carrying value of $2.3 million for the assets held for sale is included in other assets in the Company's consolidated balance sheet at September 30, 2016. The estimated fair value of the assets to be disposed of are in excess of their carrying value.

3. GOODWILL AND RADIO BROADCASTING LICENSES:

Impairment Testing

In accordance with ASC 350, *"Intangibles - Goodwill and Other,"* we do not amortize our indefinite-lived radio broadcasting licenses and goodwill. Instead, we perform a test for impairment annually across all reporting units, or on an interim basis when events or changes in circumstances or other conditions suggest impairment may have occurred in any given reporting unit. Other intangible assets continue to be amortized on a straight-line basis over their useful lives. We perform our annual impairment test as of October 1 of each year. We evaluate all events and circumstances on an interim basis to determine if a two-step process is required. The first step of the process involves estimating the fair value of each reporting unit. If the reporting unit's fair value is less than its carrying value, a second step is performed to attribute the fair value of the reporting unit to the individual assets and liabilities of the reporting unit in order to determine the implied fair value of the reporting unit's goodwill as of the impairment assessment date. Any excess of the carrying value of the goodwill over the implied fair value of the goodwill is written off as a charge to operations.

Valuation of Broadcasting Licenses

During the second and third quarters of 2016, the total market revenue growth for certain markets in which we operate was below that used in our 2015 annual impairment testing. We deemed that to be an impairment indicator that warranted interim impairment testing of certain markets' radio broadcasting licenses, which we performed as of June 30, 2016, and September 30, 2016. There was no impairment identified as part of this testing. During the second and third quarters of 2015, the total market revenue growth for certain markets in which we operate was below that used in our 2014 annual impairment testing. We deemed that to be an impairment indicator that warranted interim impairment testing of certain markets' radio broadcasting licenses, which we performed as of June 30, 2015, and September 30, 2015. There was no impairment identified as part of this testing. There were no impairment indicators present for any of our other radio broadcasting licenses. Below are some of the key assumptions used in the income approach model for estimating broadcasting licenses fair values for the interim impairment assessments for the quarters ended September 30, 2016 and 2015.

Radio Broadcasting Licenses	September 30, 2016 (a)	September 30, 2015 (a)
Pre-tax impairment charge (in millions)	$ —	$ —
Discount Rate	9.0%	9.5%
Year 1 Market Revenue Growth Rate Range	0.3% – 0.5%	0.3% – 0.5%
Long-term Market Revenue Growth Rate Range (Years 6 – 10)	0.5% – 1.0%	1.0% – 1.5%
Mature Market Share Range	8.9% – 14.2%	9.8% – 14.3%
Operating Profit Margin Range	31.3% – 34.1%	31.7%

(a) Reflects changes only to the key assumptions used in the interim testing for certain units of accounting.

Valuation of Goodwill

During the third quarter of 2016, we identified an impairment indicator at one of our radio markets, and as such, we performed an interim analysis for that radio market's goodwill as of September 30, 2016. During the second and third quarters of 2015, we identified an impairment indicator at one of our radio markets, and as such, we performed an interim analysis for that radio market's goodwill as of June 30, 2015 and September 30, 2015. No goodwill impairment was identified during the three or nine months ended September 30, 2016 and 2015. Below are some of the key assumptions used in the income approach model for estimating reporting unit fair values for the interim impairment assessments for the quarters ended September 30, 2016 and 2015.

Goodwill (Radio Market Reporting Units)	September 30, 2016 (a)	September 30, 2015 (a)
Pre-tax impairment charge (in millions)	$ —	$ —
Discount Rate	9.0%	9.5%
Year 1 Market Revenue Growth Rate Range	0.6%	0.4% – 0.7%
Long-term Market Revenue Growth Rate Range (Years 6 – 10)	1.0%	1.0% – 2.0%
Mature Market Share Range	9.5%	7.4% – 14.8%
Operating Profit Margin Range	18.2% – 33.9%	26.4% – 38.7%

(a) Reflects changes only to the key assumptions used in the interim testing for certain units of accounting.

During the third quarter of 2015, the Company performed interim impairment testing on the valuation of goodwill associated with Interactive One. Interactive One's net revenues and cash flows declined and internal projections were revised downward, which we deemed to be an impairment indicator. The Company reduced its operating cash flow projections and assumptions based on Interactive One's actual results which did not meet budget. Below are some of the key assumptions used in the income approach model for estimating the fair value for Interactive One for the interim assessment at September 30, 2015. When compared to discount rates for the radio reporting units, the higher discount rate used to value the reporting unit is reflective of discount rates applicable to internet media businesses. As a result of our interim assessment, the Company recorded a goodwill impairment charge of approximately $14.5 million during the quarter ended September 30, 2015. There were no impairment indicators during the three or nine months ended September 30, 2016.

Internet Segment Goodwill	September 30, 2015
Pre-tax impairment charge (in millions)	$ 14.5
Discount Rate	14.0%
Year 1 Revenue Growth Rate	9.6%
Long-term Revenue Growth Rate (Year 10)	2.5%
Operating Profit Margin Range	4.5% – 23.9%

We did not identify any impairment indicators for the three or nine months ended September 30, 2016 and 2015, at our Reach Media or TV One reportable segments.

Goodwill Valuation Results

The table below presents the changes in the Company's goodwill carrying values for its four reportable segments:

	Radio Broadcasting Segment	Reach Media Segment	Internet Segment	Cable Television Segment	Total
			(In thousands)		
Gross goodwill	$ 154,863	$ 30,468	$ 23,004	$ 165,044	$ 373,379
Accumulated impairment losses	(84,436)	(16,114)	(14,545)	—	(115,095)
Net goodwill at December 31, 2015 and September 30, 2016	$ 70,427	$ 14,354	$ 8,459	$ 165,044	$ 258,284

4. INVESTMENTS:

The company liquidated its investment portfolio during 2015. Prior to liquidation of the portfolio, investments consisted primarily of corporate fixed maturity securities and mutual funds.

Debt securities were classified as "available-for-sale" and reported at fair value. Investment income was recognized when earned and reported net of investment expenses. Unrealized gains and losses were excluded from earnings and were reported as a separate component of accumulated other comprehensive income (loss) until realized, unless the losses were deemed to be other than temporary. Realized gains or losses, including any provision for other-than-temporary declines in value, were included in the statements of operations. For purposes of computing realized gains and losses, the specific-identification method of determining cost was used.

Available-for-sale securities were sold as follows:

	Nine Months Ended September 30, 2015
	(In thousands)
Proceeds from sales	$ 3,524
Gross realized gains	19
Gross realized losses	133

5. LONG-TERM DEBT:

Long-term debt consists of the following:

	September 30, 2016 (Unaudited)	December 31, 2015
	(In thousands)	
2015 Credit Facility	$ 345,625	$ 348,250
9.25% Senior Subordinated Notes due February 2020	315,000	335,000
7.375% Senior Secured Notes due April 2022	350,000	350,000
Comcast Note due April 2019	11,872	11,872
Total debt	1,022,497	1,045,122
Less: current portion of long-term debt	(3,500)	(3,500)
Less: original issue discount and issuance costs	(16,714)	(20,785)
Long-term debt, net	$ 1,002,283	$ 1,020,837

2022 Notes and 2015 Credit Facilities

On April 17, 2015, the Company closed its private offering of $350.0 million aggregate principal amount of 7.375% senior secured notes due in April 2022 (the “2022 Notes”). The 2022 Notes were offered at an original issue price of 100.0% plus accrued interest from April 17, 2015, and will mature on April 15, 2022. Interest on the 2022 Notes accrues at the rate of 7.375% per annum and is payable semiannually in arrears on April 15 and October 15, which commenced on October 15, 2015. The 2022 Notes are guaranteed, jointly and severally, on a senior secured basis by the Company’s existing and future domestic subsidiaries, including TV One, that guarantee any of its new $350.0 million senior secured credit facility (the “2015 Credit Facility”) entered into concurrently with the closing of the 2022 Notes.

The 2015 Credit Facility matures on December 31, 2018. At the Company’s election, the interest rate on borrowings under the 2015 Credit Facility is based on either (i) the then applicable base rate plus 3.5% (as defined in the 2015 Credit Facility) as, for any day, a rate per annum (rounded upward, if necessary, to the next 1/100th of 1%) equal to the greater of (a) the prime rate published in the Wall Street Journal, (b) 1/2 of 1% in excess rate of the overnight Federal Funds Rate at any given time, and (c) the one-month LIBOR rate commencing on such day plus 1.00%), or (ii) the then applicable LIBOR rate plus 4.5% (as defined in the 2015 Credit Facility). The average interest rate was approximately 5.14% for the three months ended September 30, 2016. Quarterly installments of 0.25%, or $875,000, of the principal balance on the term loan are payable on the last day of each March, June, September and December beginning on September 30, 2015. During the three and nine months ended September 30, 2016, the Company repaid $875,000 and approximately $2.6 million, respectively, under the 2015 Credit Facility.

In connection with the closing of the financing transactions, the Company and the guarantor parties thereto entered into a Fourth Supplemental Indenture to the indenture governing the 2020 Notes (as defined below). Pursuant to this Fourth Supplemental Indenture, TV One, which previously did not guarantee the 2020 Notes, became a guarantor under the 2020 Notes indentures. In addition, the closing of the financing transactions caused a “Triggering Event” (as defined in the 2020 Notes Indenture) and, as a result, the 2020 Notes became an unsecured obligation of the Company and the subsidiary guarantors and rank equal in right of payment with the Company’s other senior indebtedness.

The Company used the net proceeds from the 2022 Notes, along with term loan borrowings under the 2015 Credit Facility, to refinance its 2011 Credit Agreement, refinance the TV One Notes (as defined below), finance the buyout of membership interests of Comcast in TV One and to pay the related accrued interest, premiums, fees and expenses associated therewith.

The 2015 Credit Facility contains affirmative and negative covenants that the Company is required to comply with, including:

(a) maintaining an interest coverage ratio of no less than:
- 1.25 to 1.00 on June 30, 2015 and the last day of each fiscal quarter thereafter.

(b) maintaining a senior leverage ratio of no greater than:
- 5.85 to 1.00 on June 30, 2015 and the last day of each fiscal quarter thereafter.

(c) limitations on:

- liens;
- sale of assets;
- payment of dividends; and
- mergers.

As of September 30, 2016, the Company was in compliance with all of its financial covenants under the 2015 Credit Facility.

As of September 30, 2016, the Company had outstanding approximately $345.6 million on its 2015 Credit Facility. The original issue discount is being reflected as an adjustment to the carrying amount of the debt obligations and amortized to interest expense over the term of the credit facility. The Company early adopted ASU 2015-03 during the year ended December 31, 2015, resulting in approximately $7.4 million of net debt issuance costs presented as a direct reduction to the Company's long-term debt in the consolidated balance sheet as of December 31, 2015. The amortization of deferred financing costs was charged to interest expense for all periods presented. The amount of deferred financing costs included in interest expense for the three months ended September 30, 2016 and 2015 was approximately $1.3 million and $1.2 million, respectively. The amount of deferred financing costs included in interest expense for the nine months ended September 30, 2016 and 2015 was approximately $3.9 million and $3.6 million, respectively.

2011 Credit Facilities

On March 31, 2011, the Company entered into a senior secured credit facility (the "2011 Credit Agreement") with a syndicate of banks, and simultaneously borrowed $386.0 million to retire all outstanding obligations under the Company's previous amended and restated credit agreement and to fund a past obligation with respect to a capital call initiated by TV One. The total amount available under the 2011 Credit Agreement was $411.0 million, initially consisting of a $386.0 million term loan facility that matured on March 31, 2016, and a $25.0 million revolving loan facility that matured on March 31, 2015. Borrowings under the 2011 Credit Agreement were subject to compliance with certain covenants including, but not limited to, certain financial covenants. Proceeds from the 2011 Credit Agreement could be used for working capital, capital expenditures made in the ordinary course of business, a common stock repurchase program, permitted direct and indirect investments and other lawful corporate purposes. On December 19, 2012, the Company entered into an amendment to the 2011 Credit Agreement (the "December 2012 Amendment"). The December 2012 Amendment: (i) modified financial covenant levels with respect to the Company's total-leverage, secured-leverage, and interest-coverage ratios; (ii) increased the amount of cash the Company can net for determination of its net indebtedness tests; and (iii) extended the time for certain of the 2011 Credit Agreement's call premium while reducing the time for its later and lower premium.

On January 21, 2015, the Company entered into a second amendment to the 2011 Credit Agreement (the "Second Amendment") with its lenders. The provisions of the 2011 Credit Agreement relating to the call premium were revised by the Second Amendment to extend the call protection from April 1, 2015, until maturity. The Second Amendment provided a call premium of 101.5% if the 2011 Credit Agreement were refinanced with proceeds from a notes offering and 100.5% if the 2011 Credit Agreement was refinanced with proceeds from any other repayment, including proceeds from a new term loan. The call premium was payable at the earlier of any refinancing or final maturity.

The 2011 Credit Agreement, as amended, contained affirmative and negative covenants with which the Company was required to comply, including financial covenants. In accordance with the 2011 Credit Agreement, as amended, the calculations for the ratios did not include the operating results or related debt of TV One, but rather included our proportionate share of cash dividends received from TV One for periods presented.

Under the terms of the 2011 Credit Agreement, as amended, interest on base rate loans was payable quarterly and interest on LIBOR loans was payable monthly or quarterly. The base rate was equal to the greater of: (i) the prime rate; (ii) the Federal Funds Effective Rate plus 0.50%; or (iii) the one-month LIBOR Rate plus 1.00%. The applicable margin on the 2011 Credit Agreement was between (i) 4.50% and 5.50% on the revolving portion of the facility and (ii) 5.00% (with a base rate floor of 2.5% per annum) and 6.00% (with a LIBOR floor of 1.5% per annum) on the term portion of the facility. The average interest rate was 7.50% for the first quarter of 2015 prior to the refinancing. Quarterly installments of 0.25%, or $957,000, of the principal balance on the term loan were payable on the last day of each March, June, September and December.

On February 24, 2015, the Company entered into a letter of credit reimbursement and security agreement. As of September 30, 2016, the Company had letters of credit totaling $933,000 under the agreement for certain operating leases and certain insurance policies. Letters of credit issued under the agreement are required to be collateralized with cash.

During the year ended December 31, 2015, the Company repaid approximately $368.5 million under the 2011 Credit Agreement, as amended. The original issue discount was being reflected as an adjustment to the carrying amount of the debt obligations and amortized to interest expense over the term of the credit facility. According to the terms of the Credit Agreement, as amended, the Company did not make an excess cash flow payment in April 2015.

As noted above, the Company used the net proceeds from the private offering of the 2022 Notes, along with term loan borrowings under the 2015 Credit Facility, to refinance its 2011 Credit Agreement, as amended. The Company recorded a loss on retirement of debt of approximately $7.1 million for the year ended December 31, 2015. This amount included a write-off of approximately $1.3 million of previously capitalized debt financing costs, a write-off of $844,000 of original issue discount associated with the 2011 Credit Agreement, as amended, as well as $827,000 associated with the call premium to refinance the credit facility, $106,000 associated with the consent to the existing holders of the 2020 Notes and approximately $4.0 million of costs associated with the financing transactions.

Senior Subordinated Notes

On February 10, 2014, the Company closed a private placement offering of $335.0 million aggregate principal amount of 9.25% senior subordinated notes due 2020 (the “2020 Notes”). The 2020 Notes were offered at an original issue price of 100.0% plus accrued interest from February 10, 2014. The 2020 Notes mature on February 15, 2020. Interest accrues at the rate of 9.25% per annum and is payable semiannually in arrears on February 15 and August 15 in the amount of approximately $15.5 million, which commenced on August 15, 2014. Subsequent to the repurchase of a portion of the 2020 Notes (as described below), the semiannual interest payment is approximately $14.6 million. The 2020 Notes are guaranteed by certain of the Company’s existing and future domestic subsidiaries and any other subsidiaries that guarantee the existing senior credit facility or any of the Company’s other syndicated bank indebtedness or capital markets securities. The Company used the net proceeds from the offering to repurchase or otherwise redeem all of the amounts then outstanding under its 12.5%/15% Senior Subordinated Notes due May 2016 and to pay the related accrued interest, premiums, fees and expenses associated therewith. During the quarter ended June 30, 2016, the Company repurchased approximately $20 million of its 2020 Notes at an average price of approximately 86% of par. The Company recorded a gain on retirement of debt of approximately $2.6 million for the quarter ended June 30, 2016. As of September 30, 2016, and December 31, 2015, the Company had $315.0 million and $335.0 million, respectively, of 2020 Notes outstanding.

The indenture that governs the 2020 Notes contains covenants that restrict, among other things, the ability of the Company to incur additional debt, purchase common stock, make capital expenditures, make investments or other restricted payments, swap or sell assets, engage in transactions with related parties, secure non-senior debt with assets, or merge, consolidate or sell all or substantially all of its assets.

TV One Senior Secured Notes

TV One issued $119.0 million in senior secured notes on February 25, 2011 (“TV One Notes”). The proceeds from the notes were used to purchase equity interests from certain financial investors and TV One management. The notes accrued interest at 10.0% per annum, which was payable monthly, and the entire principal amount was due on March 15, 2016. In connection with the closing of the financing transactions on April 17, 2015, the TV One Notes were repaid.

Comcast Note

The Company also has outstanding a senior unsecured promissory note in the aggregate principal amount of approximately $11.9 million due to Comcast (“Comcast Note”). The Comcast Note bears interest at 10.47%, is payable quarterly in arrears, and the entire principal amount is due on April 17, 2019.

Asset-Backed Credit Facility

On April 21, 2016, the Company entered into a senior credit agreement governing an asset-backed credit facility (the “ABL Facility”) among the Company, the lenders party thereto from time to time and Wells Fargo Bank National Association, as administrative agent (the “Administrative Agent”). The ABL Facility provides for $25 million in revolving loan borrowings in order to provide for the working capital needs and general corporate requirements of the Company. As of September 30, 2016, the Company does not have any borrowings outstanding on its ABL Facility.

At the Company’s election, the interest rate on borrowings under the ABL Facility are based on either (i) the then applicable margin relative to Base Rate Loans (as defined in the ABL Facility) or (ii) the then applicable margin relative to LIBOR Loans (as defined in the ABL Facility) corresponding to the average availability of the Company for the most recently completed fiscal quarter.

Advances under the ABL Facility are limited to (a) eighty-five percent (85%) of the amount of Eligible Accounts (as defined in the ABL Facility), less the amount, if any, of the Dilution Reserve (as defined in the ABL Facility), minus (b) the sum of (i) the Bank Product Reserve (as defined in the ABL Facility), plus (ii) the aggregate amount of all other reserves, if any, established by Administrative Agent.

All obligations under the ABL Facility are secured by first priority lien on all (i) deposit accounts (related to accounts receivable), (ii) accounts receivable, (iii) all other property which constitutes ABL Priority Collateral (as defined in the ABL Facility). The obligations are also secured by all material subsidiaries of the Company.

The ABL Facility matures on the earlier to occur of: (a) the date that is five (5) years from the effective date of the ABL Facility and (b) the date that is thirty (30) days prior to the earlier to occur of (i) the "Term Loan Maturity Date" of the Company’s existing term loan, and (ii) the "Stated Maturity" of the Company’s existing notes. As of the effective date of the ABL Facility, the "Term Loan Maturity Date" is December 31, 2018, and the "Stated Maturity" is April 15, 2022.

Finally, the ABL Facility is subject to the terms of the Intercreditor Agreement (as defined in the ABL Facility) by and among the Administrative Agent, the administrative agent for the secured parties under the Company’s term loan and the trustee and collateral trustee under the senior secured notes indenture.

The Company conducts a portion of its business through its subsidiaries. Certain of the Company’s subsidiaries have fully and unconditionally guaranteed the Company’s 2022 Notes, 2020 Notes and the Company’s obligations under the 2015 Credit Facility.

The 2022 Notes are the Company’s senior secured obligations and rank equal in right of payment with all of the Company’s and the guarantors’ existing and future senior indebtedness, including obligations under the 2015 Credit Facility and the Company’s 2020 Notes. The 2022 Notes and related guarantees are equally and ratably secured by the same collateral securing the 2015 Credit Facility and any other parity lien debt issued after the issue date of the 2022 Notes, including any additional notes issued under the Indenture, but are effectively subordinated to the Company’s and the guarantors’ secured indebtedness to the extent of the value of the collateral securing such indebtedness that does not also secure the 2022 Notes. Collateral includes substantially all of the Company’s and the guarantors’ current and future property and assets for accounts receivable, cash, deposit accounts, other bank accounts, securities accounts, inventory and related assets including the capital stock of each subsidiary guarantor. Finally, the Company also has the Comcast Note which is a general but senior unsecured obligation of the Company.

Future scheduled minimum principal payments of debt as of September 30, 2016, are as follows:

	Comcast Note due April 2019	2015 Credit Facility	9.25% Senior Subordinated Notes due February 2020	7.375% Senior Secured Notes due April 2022	Total
			(In thousands)		
October – December 2016	$ —	$ 875	$ —	$ —	$ 875
2017	—	3,500	—	—	3,500
2018	—	341,250	—	—	341,250
2019	11,872	—	—	—	11,872
2020	—	—	315,000	—	315,000
2021 and thereafter	—	—	—	350,000	350,000
Total Debt	$ 11,872	$ 345,625	$ 315,000	$ 350,000	$ 1,022,497

6. INCOME TAXES:

The Company recorded tax expense of approximately $8.3 million on pre-tax income from continuing operations of approximately $12.5 million for the nine months ended September 30, 2016, based on the actual effective tax rate for the current period. Because our income tax expense does not have a correlation to our pre-tax earnings, small changes in those earnings can have a significant impact on the income tax expense we recognize. The Company continues to estimate a range of possible outcomes due to the proportion of deferred tax expense from indefinite-lived intangible assets over pre-tax earnings. As a result, we believe the actual effective tax rate best represents the estimated effective rate for the nine months ended September 30, 2016, in accordance with ASC 740-270, "*Interim Reporting*."

As of September 30, 2016, the Company continues to maintain a full valuation allowance on its deferred tax assets for substantially all entities and jurisdictions, but excludes deferred tax liabilities related to indefinite-lived intangible assets. In accordance with ASC 740, "*Accounting for Income Taxes*", the Company continually assesses the adequacy of the valuation allowance by assessing the likely future tax consequences of events that have been realized in the Company's financial statements or tax returns, tax planning strategies, and future profitability. As of September 30, 2016, the Company does not believe it is more likely than not that the deferred tax assets will be realized. As part of the assessment, the Company has not included the deferred tax liability related to indefinite-lived intangible assets as a source of future taxable income to support realization of the deferred tax assets.

7. STOCKHOLDERS' EQUITY:

Stock Repurchase Program

In December 2015, the Company's Board of Directors authorized a repurchase of shares of the Company's Class A and Class D common stock (the "December 2015 Repurchase Authorization"). Under the December 2015 Repurchase Authorization, the Company is authorized, but is not obligated, to repurchase up to $3.5 million worth of its Class A and/or Class D common stock. On March 25, 2016, the Company's Board of Directors reaffirmed the December 2015 Repurchase Authorization without any limitation on price, and on September 23, 2016 increased the authorization to $7.0 million. As of September 30, 2016, the Company had approximately $7.0 million remaining under the authorization with respect to its Class A and Class D common stock. Repurchases may be made from time to time in the open market or in privately negotiated transactions in accordance with applicable laws and regulations. The timing and extent of any repurchases will depend upon prevailing market conditions, the trading price of the Company's Class A and/or Class D common stock and other factors, and subject to restrictions under applicable law. The Company executes upon the stock repurchase program in a manner consistent with market conditions and the interests of the stockholders, including maximizing stockholder value. In addition, the Company has limited but ongoing authority to purchase shares of Class D common stock (in one or more transactions at any time there remain outstanding grants) under the Company's 2009 Stock Plan (as defined below) to satisfy any employee or other recipient tax obligations in connection with the exercise of an option or a share grant under the 2009 Stock Plan, to the extent that the Company has capacity under its financing agreements (i.e., its current credit facilities and indentures) (each a "Stock Vest Tax Repurchase"). During the nine months ended September 30, 2016, the Company executed a Stock Vest Tax Repurchase of 330,111 shares of Class D Common Stock in the amount of $568,000 at an average price of $1.72 per share. During the nine months ended September 30, 2015, the Company executed a Stock Vest Tax Repurchase of 345,293 shares of Class D Common Stock in the amount of approximately $1.4 million at an average price of $4.12 per share. During the three months ended September 30, 2016, the Company did not repurchase any Class A common stock and repurchased 619,418 shares of Class D common stock in the amount of approximately $1.9 million at an average price of $3.01 per share. During the nine months ended September 30, 2016, the Company did not repurchase any Class A common stock and repurchased 1,255,592 shares of Class D common stock in the amount of approximately $3.0 million at an average price of $2.40 per share. During the three months ended September 30, 2015, the Company did not repurchase any Class A Common Stock or Class D Common Stock.

Stock Option and Restricted Stock Grant Plan

A stock option and restricted stock plan ("the 2009 Stock Plan") was approved by the stockholders at the Company's annual meeting on December 16, 2009. The Company had the authority to issue up to 8,250,000 shares of Class D Common Stock under the 2009 Stock Plan. On September 26, 2013, the Board of Directors adopted, and our stockholders approved on November 14, 2013, certain amendments to and restatement of the 2009 Stock Plan (the "Amended and Restated 2009 Stock Plan"). The amendments under the Amended and Restated 2009 Stock Plan primarily affected (i) the number of shares with respect to which options and restricted stock grants may be granted under the 2009 Stock Plan and (ii) the maximum number of shares that can be awarded to any individual in any one calendar year. The Amended and Restated 2009 Stock Plan increased the authorized plan shares remaining available for grant to 7,000,000 shares of Class D common stock after giving effect to the issuances prior to the amendment. Prior to the amendment, under the 2009 Plan, in any one calendar year, the compensation committee could not grant to any one participant options to purchase, or grants of, a number of shares of Class D common stock in excess of 1,000,000. Under the Amended and Restated 2009 Stock Plan, this limitation was eliminated. The purpose of eliminating this limitation is to provide the compensation committee with maximum flexibility in setting executive compensation. On April 13, 2015, the Board of Directors adopted, and our stockholders approved on June 2, 2015, a further amendment to the Amended and Restated 2009 Stock Plan. This further amendment increased the authorized plan shares remaining available for grant to 8,250,000 shares of Class D common stock. As of September 30, 2016, 8,012,932 shares of Class D common stock were available for grant under the Amended and Restated 2009 Stock Plan.

On September 30, 2014, the Compensation Committee ("Compensation Committee") of the Board of Directors of the Company approved the principal terms of new employment agreements for each of the Company's named executive officers which included the granting of restricted shares and stock options under a long-term incentive plan ("LTIP") as follows, effective October 6, 2014:

Cathy Hughes, Founder and Executive Chairperson was awarded 456,000 restricted shares of the Company's Class D common stock vesting in approximately equal 1/3 tranches on April 20, 2015, December 31, 2015 and December 31, 2016, and stock options to purchase 293,000 shares of the Company's Class D common stock, vesting in approximately equal 1/3 tranches on April 6, 2015, December 31, 2015 and December 31, 2016.

Alfred C. Liggins, President and Chief Executive Officer of Radio One, Inc. and TV One, LLC was awarded 913,000 restricted shares of the Company's Class D common stock vesting in approximately equal 1/3 tranches on April 20, 2015, December 31, 2015 and December 31, 2016, and stock options to purchase 587,000 shares of the Company's Class D common stock, vesting in approximately equal 1/3 tranches on April 6, 2015, December 31, 2015 and December 31, 2016.

Peter Thompson, Executive Vice President and Chief Financial Officer was awarded 350,000 restricted shares of the Company's Class D common stock with 200,000 shares vesting on April 20, 2015, and with the remaining shares vesting in equal 75,000 share tranches on December 31, 2015 and December 31, 2016, and stock options to purchase 225,000 shares of the Company's Class D common stock vesting in equal 112,500 share tranches on December 31, 2015 and December 31, 2016.

Linda Vilardo, Executive Vice President and Chief Administrative Officer was awarded 225,000 restricted shares of the Company's Class D common stock vesting in equal 75,000 share tranches on April 20, 2015, December 31, 2015 and December 31, 2016.

Also on September 30, 2014, the Compensation Committee awarded 410,000 shares of restricted stock to certain employees pursuant to the Company's LTIP. The grants were effective October 6, 2014, and will vest in three installments, with the first installment of 33% vesting on April 6, 2015, and the second installment vesting on December 31, 2015. The remaining installment will vest on December 31, 2016. Pursuant to the terms of the 2009 Stock Option and Restricted Stock Grant Plan, as amended and restated as of December 31, 2013, and subject to the Company's insider trading policy, a portion of each recipient's vested shares may be sold in the open market for tax purposes on or about the vesting dates.

On October 26, 2015, the Compensation Committee awarded David Kantor, Chief Executive Officer, Radio Division, 100,000 restricted shares of the Company's Class D common stock, and stock options to purchase 300,000 shares of the Company's Class D common stock. The grants were effective November 5, 2015, and will vest in approximately equal 1/3 tranches on November 5, 2016, November 5, 2017 and November 5, 2018.

Stock-based compensation expense for the three months ended September 30, 2016 and 2015, was $782,000 and approximately $1.0 million, respectively, and for the nine months ended September 30, 2016 and 2015, was approximately $2.3 million and $3.8 million, respectively.

The Company did not grant stock options during the nine months ended September 30, 2016. The Company granted 50,000 stock options during the three and nine months ended September 30, 2015.

Transactions and other information relating to stock options for the nine months ended September 30, 2016, are summarized below:

	Number of Options		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (In Years)		Aggregate Intrinsic Value
Outstanding at December 31, 2015	3,712,000	$	2.06	5.20	$	733,000
Grants	—	$	—			
Exercised	—	$	—			
Forfeited/cancelled/expired	(12,000)	$	10.66			
Balance as of September 30, 2016	3,700,000	$	2.03	4.47	$	4,140,000
Vested and expected to vest at September 30, 2016	3,589,000	$	2.02	4.34	$	4,077,000
Unvested at September 30, 2016	756,000	$	2.45	8.50	$	441,000
Exercisable at September 30, 2016	2,944,000	$	1.93	3.43	$	3,699,000

The aggregate intrinsic value in the table above represents the difference between the Company's stock closing price on the last day of trading during the three months ended September 30, 2016, and the exercise price, multiplied by the number of shares that would have been received by the holders of in-the-money options had all the option holders exercised their options on September 30, 2016. This amount changes based on the fair market value of the Company's stock. There were no options exercised during the three and nine months ended September 30, 2016. There were no options that vested during the three and nine months ended September 30, 2016. There were no options exercised during the three and nine months ended September 30, 2015. No options vested during the three months ended September 30, 2015, and 293,338 options vested during the nine months ended September 30, 2015.

As of September 30, 2016, $694,000 of total unrecognized compensation cost related to stock options is expected to be recognized over a weighted-average period of 7.5 months. The stock option weighted-average fair value per share was $1.39 at September 30, 2016.

The Company did not grant shares of restricted stock during the three months ended September 30, 2016, and granted 157,728 shares of restricted stock during the nine months ended September 30, 2016. The Company granted 25,000 shares of restricted stock during the three months ended September 30, 2015, and 93,680 shares of restricted stock during the nine months ended September 30, 2015. Each of the four non-executive directors received 18,182 shares of restricted stock or $50,000 worth of restricted stock based upon the closing price of the Company's Class D common stock on June 16, 2016. Each of the five non-executive directors received 13,736 shares of restricted stock or $50,000 worth of restricted stock based upon the closing price of the Company's Class D common stock on June 16, 2015. As noted above, during the year ended December 31, 2014, 2,424,000 restricted shares were issued to the Company's Executives and other LTIP participants. During the years ended December 31, 2015 and 2014, respectively, 68,680 and 56,050 shares of restricted stock were issued to the Company's non-executive directors as a part of their 2014 and 2015 compensation packages. All of the restricted stock grants vest over a two-year period in equal 50% installments.

Transactions and other information relating to restricted stock grants for the nine months ended September 30, 2016, are summarized below:

	Shares		Average Fair Value at Grant Date
Unvested at December 31, 2015	953,000	$	2.76
Grants	158,000	$	2.07
Vested	(50,000)	$	4.01
Forfeited/cancelled/expired	(45,000)	$	2.75
Unvested at September 30, 2016	1,016,000	$	2.81

The restricted stock grants were included in the Company's outstanding share numbers on the effective date of grant. As of September 30, 2016, approximately $1.2 million of total unrecognized compensation cost related to restricted stock grants is expected to be recognized over a weighted-average period of 6.8 months.

8. SEGMENT INFORMATION:

The Company has four reportable segments: (i) radio broadcasting; (ii) Reach Media; (iii) internet; and (iv) cable television. These segments operate in the United States and are consistently aligned with the Company's management of its businesses and its financial reporting structure.

The radio broadcasting segment consists of all broadcast results of operations. The Reach Media segment consists of the results of operations for the Tom Joyner Morning Show and related activities and operations of other syndicated shows. The internet segment includes the results of our online business, including the operations of Interactive One. The cable television segment consists of TV One's results of operations. Corporate/Eliminations represents financial activity associated with our corporate staff and offices and intercompany activity among the four segments.

Operating loss or income represents total revenues less operating expenses, depreciation and amortization, and impairment of long-lived assets. Intercompany revenue earned and expenses charged between segments are recorded at estimated fair value and eliminated in consolidation.

The accounting policies described in the summary of significant accounting policies in Note 1 – *Organization and Summary of Significant Accounting Policies* are applied consistently across the segments.

Detailed segment data for the three and nine months ended September 30, 2016 and 2015, is presented in the following tables:

	Three Months Ended September 30,	
	2016	2015
	(Unaudited) (In thousands)	
		(As reclassified)
Net Revenue:		
Radio Broadcasting	$ 47,703	$ 50,880
Reach Media	12,530	13,486
Internet	5,374	5,503
Cable Television	46,822	47,571
Corporate/Eliminations*	(1,573)	(1,547)
Consolidated	$ 110,856	$ 115,893
Operating Expenses (including stock-based compensation and excluding depreciation and amortization and impairment of long-lived assets):		
Radio Broadcasting	$ 27,768	$ 31,833
Reach Media	10,423	11,061
Internet	5,438	5,427
Cable Television	28,596	31,987
Corporate/Eliminations	5,629	5,671
Consolidated	$ 77,854	$ 85,979
Depreciation and Amortization:		
Radio Broadcasting	$ 1,035	$ 1,145
Reach Media	59	(394)
Internet	417	446
Cable Television	6,559	6,554
Corporate/Eliminations	399	526
Consolidated	$ 8,469	$ 8,277
Impairment of long-lived assets:		
Radio Broadcasting	$ —	$ —
Reach Media	—	—
Internet	—	14,545
Cable Television	—	—
Corporate/Eliminations	—	—
Consolidated	$ —	$ 14,545
Operating income (loss):		
Radio Broadcasting	$ 18,900	$ 17,902
Reach Media	2,048	2,819
Internet	(481)	(14,915)
Cable Television	11,667	9,030
Corporate/Eliminations	(7,601)	(7,744)
Consolidated	$ 24,533	$ 7,092

* Includes Corporate network revenue in 2015. Intercompany revenue included in segment net revenues above is as follows:

Radio Broadcasting	$ (250)	$ (801)
Reach Media	(430)	(433)
Internet	(882)	(933)
TV One	(12)	—

Capital expenditures by segment are as follows:

Radio Broadcasting	$ 740	$ 1,087
Reach Media	110	36
Internet	253	185
Cable Television	172	108
Corporate/Eliminations	369	79
Consolidated	$ 1,644	$ 1,495

	September 30, 2016	**December 31, 2015**
	(Unaudited)	
	(In thousands)	
Total Assets:		
Radio Broadcasting	$ 784,241	$ 781,022
Reach Media	42,270	36,989
Internet	16,663	18,427
Cable Television	461,626	445,660
Corporate/Eliminations	54,729	64,426
Consolidated	$ 1,359,529	$ 1,346,524

	Nine Months Ended September 30,	
	2016	2015
	(Unaudited) (In thousands)	
		(As reclassified)
Net Revenue:		
Radio Broadcasting	$ 145,597	$ 149,093
Reach Media	42,328	42,508
Internet	15,668	15,763
Cable Television	143,858	138,898
Corporate/Eliminations*	(4,788)	(4,785)
Consolidated	$ 342,663	$ 341,477
Operating Expenses (including stock-based compensation and excluding depreciation and amortization and impairment of long-lived assets):		
Radio Broadcasting	$ 88,762	$ 96,881
Reach Media	35,816	36,041
Internet	15,769	16,342
Cable Television	85,888	87,348
Corporate/Eliminations	19,645	16,503
Consolidated	$ 245,880	$ 253,115
Depreciation and Amortization:		
Radio Broadcasting	$ 3,256	$ 3,469
Reach Media	148	137
Internet	1,299	1,559
Cable Television	19,664	19,600
Corporate/Eliminations	1,356	1,580
Consolidated	$ 25,723	$ 26,345
Impairment of long-lived assets:		
Radio Broadcasting	$ —	$ —
Reach Media	—	—
Internet	—	14,545
Cable Television	—	—
Corporate/Eliminations	—	—
Consolidated	$ —	$ 14,545
Operating income (loss):		
Radio Broadcasting	$ 53,579	$ 48,743
Reach Media	6,364	6,330
Internet	(1,400)	(16,683)
Cable Television	38,306	31,950
Corporate/Eliminations	(25,789)	(22,868)
Consolidated	$ 71,060	$ 47,472

* Includes Corporate network revenue in 2015. Intercompany revenue included in segment net revenues above is as follows:

Radio Broadcasting	$ (842)	$ (2,708)
Reach Media	(1,281)	(1,192)
Internet	(2,643)	(2,743)
TV One	(22)	—

Capital expenditures by segment are as follows:

Radio Broadcasting	$ 2,574	$ 4,223
Reach Media	332	258
Internet	969	976
Cable Television	313	228
Corporate/Eliminations	790	320
Consolidated	$ 4,978	$ 6,005

9. COMMITMENTS AND CONTINGENCIES:

Royalty Agreements

The Company has historically entered into fixed and variable fee music license agreements with performance rights organizations including the Society of European Stage Authors and Composers (“SESAC”), American Society of Composers, Authors and Publishers (“ASCAP”) and Broadcast Music, Inc. (“BMI”). Our ASCAP and BMI licenses expire December 31, 2016. The Company has authorized the Radio Music License Committee (the “RMLC”) to negotiate on its behalf with respect to its licenses with SESAC, ASCAP and BMI including the ASCAP and BMI licenses expiring December 31, 2016. The RMLC is currently in negotiations with ASCAP and BMI for license terms of January 1, 2017 through December 31, 2021. The RMLC is in preparation for a binding rate arbitration with SESAC. This arbitration will be completed by the end of the first calendar quarter of 2017 and the rate decision will have retroactive application to January 1, 2016. In the interim, we continue payments to SESAC at the existing 2015 rates and, SESAC may not increase our fees for any reason prior to the rate arbitration decision being issued. In connection with all performance rights organization agreements, the Company incurred expenses of approximately $1.0 million and $2.7 million for the three month periods ended September 30, 2016 and 2015, respectively, and approximately $6.1 million and $7.7 million for the nine month periods ended September 30, 2016 and 2015, respectively.

Other Contingencies

The Company has been named as a defendant in several legal actions arising in the ordinary course of business. It is management's opinion, after consultation with its legal counsel, that the outcome of these claims will not have a material adverse effect on the Company's financial position or results of operations.

Off-Balance Sheet Arrangements

On February 24, 2015, the Company entered into a letter of credit reimbursement and security agreement. As of September 30, 2016, the Company had letters of credit totaling $933,000 under the agreement for certain operating leases and certain insurance policies. Letters of credit issued under the agreement are required to be collateralized with cash.

Noncontrolling Interest Shareholders' Put Rights

Beginning on January 1, 2018, the noncontrolling interest shareholders of Reach Media have an annual right to require Reach Media to purchase all or a portion of their shares at the then current fair market value for such shares (the "Put Right"). Beginning in 2018, this annual right is exercisable for a 30-day period beginning January 1 of each year. The purchase price for such shares may be paid in cash and/or registered Class D common stock of Radio One, at the discretion of Radio One.

10. SUBSEQUENT EVENTS:

On June 15, 2016, the Company acquired a translator with the call sign W231BI licensed to Utica, New York (the "Translator") for $40,000 from Educational Media Foundation. On July 25, 2016, the Company entered into a sale agreement with Beasley Media Group, Inc. ("Beasley") for the sale of the Translator for $400,000. The Company completed the sale to Beasley on October 21, 2016.

On November 3, 2016, during the course of its conference call to discuss its results for the third fiscal quarter of 2016, the Company announced that it would be changing its corporate name and that effective January 1, 2017, the Company would be called "Urban One, Inc." to better reflect its multi-media platform.

During the quarter ended September 30, 2016, the Company entered into a letter of intent to sell certain land, towers and equipment to a third party which the Company expects to close in the next twelve months. The closing of the transaction is subject to certain customary conditions, including execution of a definitive agreement. The identified assets have been classified as held for sale in the consolidated balance sheet at September 30, 2016. The combined net carrying value of $2.3 million for the assets held for sale is included in other assets in the Company's consolidated balance sheet at September 30, 2016. The estimated fair value of the assets to be disposed of are in excess of their carrying value.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following information should be read in conjunction with "Selected Financial Data" and the Consolidated Financial Statements and Notes thereto included elsewhere in this report and the audited financial statements and Management's Discussion and Analysis contained in our Annual Report on Form 10-K for the year ended December 31, 2015.

Introduction

Revenue

Within our core radio business, we primarily derive revenue from the sale of advertising time and program sponsorships to local and national advertisers on our radio stations. Advertising revenue is affected primarily by the advertising rates our radio stations are able to charge, as well as the overall demand for radio advertising time in a market. These rates are largely based upon a radio station's audience share in the demographic groups targeted by advertisers, the number of radio stations in the related market, and the supply of, and demand for, radio advertising time. Advertising rates are generally highest during morning and afternoon commuting hours.

Net revenue consists of gross revenue, net of local and national agency and outside sales representative commissions. Agency and outside sales representative commissions are calculated based on a stated percentage applied to gross billing.

The following chart shows the percentage of consolidated net revenue generated by each reporting segment.

	For The Three Months Ended September 30,		For The Nine Months Ended September 30,	
	2016	2015	2016	2015
Radio broadcasting segment	43.0%	43.9%	42.5%	43.7%
Reach Media segment	11.3%	11.6%	12.3%	12.4%
Internet segment	4.8%	4.8%	4.6%	4.6%
Cable television segment	42.3%	41.0%	42.0%	40.7%
Corporate/eliminations	(1.4)%	(1.3)%	(1.4)%	(1.4)%

The following chart shows net revenue generated from our core radio business as a percentage of consolidated net revenue. The downward trend is consistent with our strategic diversification strategy. In addition, it shows the percentages generated from local and national advertising as a subset of net revenue from our core radio business.

	For The Three Months Ended September 30,		For The Nine Months Ended September 30,	
	2016	2015	2016	2015
Net revenue generated from core radio business, excluding Reach Media, as a percentage of consolidated net revenue	43.0%	44.4%	42.5%	44.2%
Percentage of core radio business generated from local advertising	62.9%	61.6%	62.0%	62.0%
Percentage of core radio business generated from national advertising, including network advertising	33.8%	32.7%	33.5%	31.5%

National advertising also includes advertising revenue generated from our internet segment. The balance of net revenue from our radio segment was generated from tower rental income, ticket sales and revenue related to our sponsored events, management fees and other revenue.

The following charts show our net revenue (and sources) for the three and nine months ended September 30, 2016 and 2015:

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	$ Change	% Change
	(Unaudited) (In thousands)			
Net Revenue:				
Radio Advertising	$ 52,475	$ 55,509	$ (3,034)	(5.5)%
Political Advertising	477	413	64	15.5
Digital Advertising	6,343	6,857	(514)	(7.5)
Cable Television Advertising	20,831	22,069	(1,238)	(5.6)
Cable Television Affiliate Fees	25,822	25,502	320	1.3
Event Revenues & Other	4,908	5,543	(635)	(11.5)
Net Revenue (as reported)	$ 110,856	$ 115,893	$ (5,037)	(4.3)%

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	$ Change	% Change
	(Unaudited) (In thousands)			
Net Revenue:				
Radio Advertising	$ 159,109	$ 162,091	$ (2,982)	(1.8)%
Political Advertising	2,855	918	1,937	211.0
Digital Advertising	18,853	19,859	(1,006)	(5.1)
Cable Television Advertising	62,954	63,884	(930)	(1.5)
Cable Television Affiliate Fees	80,635	74,888	5,747	7.7
Event Revenues & Other	18,257	19,837	(1,580)	(8.0)
Net Revenue (as reported)	$ 342,663	$ 341,477	$ 1,186	0.3%

In the broadcasting industry, radio stations and television stations often utilize trade or barter agreements to reduce cash expenses by exchanging advertising time for goods or services. In order to maximize cash revenue for our spot inventory, we closely monitor the use of trade and barter agreements.

Interactive One derives its revenue from advertising services. Advertising services include the sale of banner and sponsorship advertisements. Advertising revenue is recognized either as impressions (the number of times advertisements appear in viewed pages) are delivered, when “click through” purchases are made or leads are generated, or ratably over the contract period, where applicable. In addition, Interactive One derives revenue from its studio operations, in which it provides third-party clients with publishing services including digital platforms and related expertise. In the case of the studio operations, revenue is recognized primarily through fixed contractual monthly fees and/or as a share of the third party’s reported revenue.

TV One generates the Company’s cable television revenue, and derives its revenue principally from advertising and affiliate revenue. Advertising revenue is derived from the sale of television air time to advertisers and is recognized when the advertisements are run. TV One also derives revenue from affiliate fees under the terms of various affiliation agreements based upon a per subscriber fee multiplied by most recent subscriber counts reported by the applicable affiliate.

Reach Media primarily derives its revenue from the sale of advertising inventory in connection with its syndicated radio shows, including the Tom Joyner Morning Show and our other syndicated programming assets, including the Rickey Smiley Morning Show, the Russ Parr Morning Show and the DL Hughley Show. Reach Media also operates www.BlackAmericaWeb.com, an African-American targeted news and entertainment website. Additionally, Reach Media operates various other event-related activities.

Expenses

Our significant expenses are: (i) employee salaries and commissions; (ii) programming expenses; (iii) marketing and promotional expenses; (iv) rental of premises for office facilities and studios; (v) rental of transmission tower space; (vi) music license royalty fees; and (vii) content amortization. We strive to control these expenses by centralizing certain functions such as finance, accounting, legal, human resources and management information systems and, in certain markets, the programming management function. We also use our multiple stations, market presence and purchasing power to negotiate favorable rates with certain vendors and national representative selling agencies. In addition to salaries and commissions, major expenses for our internet business include membership traffic acquisition costs, software product design, post-application software development and maintenance, database and server support costs, the help desk function, data center expenses connected with internet service provider ("ISP") hosting services and other internet content delivery expenses. Major expenses for our cable television business include content acquisition and amortization, sales and marketing.

We generally incur marketing and promotional expenses to increase and maintain our audiences. However, because Nielsen reports ratings either monthly or quarterly, depending on the particular market, any changed ratings and the effect on advertising revenue tends to lag behind both the reporting of the ratings and the incurrence of advertising and promotional expenditures.

Measurement of Performance

We monitor and evaluate the growth and operational performance of our business using net income and the following key metrics:

(a) *Net revenue*: The performance of an individual radio station or group of radio stations in a particular market is customarily measured by its ability to generate net revenue. Net revenue consists of gross revenue, net of local and national agency and outside sales representative commissions consistent with industry practice. Net revenue is recognized in the period in which advertisements are broadcast. Net revenue also includes advertising aired in exchange for goods and services, which is recorded at fair value, revenue from sponsored events and other revenue. Net revenue is recognized for our online business as impressions are delivered, as "click throughs" are made or ratably over contract periods, where applicable. Net revenue is recognized for our cable television business as advertisements are run, and during the term of the affiliation agreements at levels appropriate for the most recent subscriber counts reported by the affiliate, net of launch support.

(b) *Broadcast and internet operating income* (formerly station operating income): Net income (loss) before depreciation and amortization, income taxes, interest expense, interest income, noncontrolling interests in income of subsidiaries, other (income) expense, corporate selling, general and administrative, expenses, stock-based compensation, impairment of long-lived assets and loss on retirement of debt, is commonly referred to in our industry as station operating income. However, given the diverse nature of our business, station operating income is not truly reflective of our multi-media operation and therefore we now use the term broadcast and internet operating income. Broadcast and internet operating income is not a measure of financial performance under generally accepted accounting principles in the United States ("GAAP"). Nevertheless, broadcast and internet operating income is a significant measure used by our management to evaluate the operating performance of our core operating segments. Broadcast and internet operating income provides helpful information about our results of operations, apart from expenses associated with our fixed and long-lived intangible assets, income taxes, investments, impairment charges, debt financings and retirements, corporate overhead and stock-based compensation. Our measure of broadcast and internet operating income is similar to our historic use of station operating income, however, reflects our more diverse business and, therefore, may not be similar to "station operating income" or other similarly titled measures used by other companies. Broadcast and internet operating income does not represent operating loss or cash flow from operating activities, as those terms are defined under GAAP, and should not be considered as an alternative to those measurements as an indicator of our performance.

(c) *Broadcast and internet operating income margin*: Broadcast and internet operating income margin represents broadcast and internet operating income as a percentage of net revenue. Broadcast and internet operating income margin is not a measure of financial performance under GAAP. Nevertheless, we believe that broadcast and internet operating income margin is a useful measure of our performance because it provides helpful information about our profitability as a percentage of our net revenue. Broadcast and internet operating margin includes results from all four segments (radio broadcasting, Reach Media, internet and cable television).

(d) *Adjusted EBITDA*: Adjusted EBITDA consists of net (loss) income plus (1) depreciation and amortization, income taxes, interest expense, noncontrolling interests in income of subsidiaries, impairment of long-lived assets, stock-based compensation, (gain) loss on retirement of debt, employment agreement and incentive plan award expenses, severance-related costs, less (2) other income and interest income. Net income before interest income, interest expense, income taxes, depreciation and amortization is commonly referred to in our business as "EBITDA." Adjusted EBITDA and EBITDA are not measures of financial performance under GAAP. We believe Adjusted EBITDA is often a useful measure of a company's operating performance and is a significant measure used by our management to evaluate the operating performance of our business because Adjusted EBITDA excludes charges for depreciation, amortization and interest expense that have resulted from our acquisitions and debt financing, our taxes, impairment charges, and gain on retirements of debt. Accordingly, we believe that Adjusted EBITDA provides useful information about the operating performance of our business, apart from the expenses associated with our fixed assets and long-lived intangible assets, capital structure or the results of our affiliated company. Adjusted EBITDA is frequently used as one of the measures for comparing businesses in our industry, although our measure of Adjusted EBITDA may not be comparable to similarly titled measures of other companies, including, but not limited to the fact that our definition includes the results of all four of our operating segments (radio broadcasting, Reach Media, internet and cable television). Adjusted EBITDA and EBITDA do not purport to represent operating income or cash flow from operating activities, as those terms are defined under generally accepted accounting principles, and should not be considered as alternatives to those measurements as an indicator of our performance.

Summary of Performance

The tables below provide a summary of our performance based on the metrics described above:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	**2015**	**2016**	**2015**
	(In thousands, except margin data) (Unaudited)			
		(As reclassified)		**(As reclassified)**
Net revenue	$ 110,856	$ 115,893	$ 342,663	$ 341,477
Broadcast and internet operating income	42,957	41,728	131,527	124,413
Broadcast and internet operating income margin	38.8%	36.0%	38.4%	36.4%
Consolidated net (loss) income attributable to common stockholders	$ (423)	$ (18,145)	$ 2,944	$ (49,673)

The reconciliation of net (loss) income to broadcast and internet operating income is as follows:

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
	(In thousands, unaudited)	(As reclassified)		(As reclassified)
Consolidated net (loss) income attributable to common stockholders	$ (423)	$ (18,145)	$ 2,944	$ (49,673)
Add back non-broadcast and internet operating income items included in consolidated net (loss) income:				
Interest income	(51)	(33)	(174)	(68)
Interest expense	20,319	20,356	61,488	59,620
Provision for income taxes	4,307	4,439	8,265	22,911
Corporate selling, general and administrative, excluding stock-based compensation	9,173	10,798	32,425	32,256
Stock-based compensation	782	1,016	2,319	3,795
(Gain) loss on retirement of debt	—	—	(2,646)	7,091
Other (income) expense, net	(22)	(39)	(76)	246
Depreciation and amortization	8,469	8,277	25,723	26,345
Noncontrolling interests in income of subsidiaries	403	514	1,259	7,345
Impairment of long-lived assets	—	14,545	—	14,545
Broadcast and internet operating income	$ 42,957	$ 41,728	$ 131,527	$ 124,413

The reconciliation of net (loss) income to adjusted EBITDA is as follows:

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
	(In thousands, unaudited)			
Adjusted EBITDA reconciliation:				
Consolidated net (loss) income attributable to common stockholders, as reported	$ (423)	$ (18,145)	$ 2,944	$ (49,673)
Add back non-broadcast and internet operating income items included in consolidated net (loss) income:				
Interest income	(51)	(33)	(174)	(68)
Interest expense	20,319	20,356	61,488	59,620
Provision for income taxes	4,307	4,439	8,265	22,911
Depreciation and amortization	8,469	8,277	25,723	26,345
EBITDA	$ 32,621	$ 14,894	$ 98,246	$ 59,135
Stock-based compensation	782	1,016	2,319	3,795
(Gain) loss on retirement of debt	—	—	(2,646)	7,091
Other (income) expense, net	(22)	(39)	(76)	246
Noncontrolling interests in income of subsidiaries	403	514	1,259	7,345
Employment Agreement Award and incentive plan award expenses	1,027	961	5,802	2,423
Severance-related costs*	72	1,134	645	1,979
Impairment of long-lived assets	—	14,545	—	14,545
Adjusted EBITDA	$ 34,883	$ 33,025	$ 105,549	$ 96,559

* The Company has modified the definition of Adjusted EBITDA for the inclusion of severance-related costs. All prior periods have been reclassified to conform to the current period presentation.

Certain reclassifications have been made to prior year balances to conform to the current year presentation. These reclassifications had no effect on previously reported consolidated net income or loss or any other statement of operations, balance sheet or cash flow amounts. Where applicable, these financial statements have been identified as “As Reclassified.”

RADIO ONE, INC. AND SUBSIDIARIES
RESULTS OF OPERATIONS

The following table summarizes our historical consolidated results of operations:

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015 (In thousands)

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Increase/(Decrease)	
	(Unaudited)	(As reclassified)		
Statements of Operations:				
Net revenue	$ 110,856	$ 115,893	$ (5,037)	(4.3)%
Operating expenses:				
Programming and technical, excluding stock-based compensation	32,093	32,785	(692)	(2.1)
Selling, general and administrative, excluding stock-based compensation	35,806	41,380	(5,574)	(13.5)
Corporate selling, general and administrative, excluding stock-based compensation	9,173	10,798	(1,625)	(15.0)
Stock-based compensation	782	1,016	(234)	(23.0)
Depreciation and amortization	8,469	8,277	192	2.3
Impairment of long-lived assets	—	14,545	(14,545)	(100.0)
Total operating expenses	86,323	108,801	(22,478)	(20.7)
Operating income	24,533	7,092	17,441	245.9
Interest income	51	33	18	54.5
Interest expense	20,319	20,356	(37)	(0.2)
Other income, net	22	39	(17)	(43.6)
Income (loss) before provision for income taxes and noncontrolling interests in income of subsidiaries	4,287	(13,192)	17,479	132.5
Provision for income taxes	4,307	4,439	(132)	(3.0)
Consolidated net (loss) income	(20)	(17,631)	17,611	99.9
Net income attributable to noncontrolling interests	403	514	(111)	(21.6)
Net (loss) income attributable to common stockholders	$ (423)	$ (18,145)	$ 17,722	97.7%

Net revenue

Three Months Ended September 30,				Increase/(Decrease)		
2016		2015				
$	110,856	$	115,893	$	(5,037)	(4.3)%

During the three months ended September 30, 2016, we recognized approximately $110.9 million in net revenue compared to approximately $115.9 million during the same period in 2015. These amounts are net of agency and outside sales representative commissions. Net revenues from our radio broadcasting segment for the quarter ended September 30, 2016, decreased 6.2% from the same period in 2015. Based on reports prepared by the independent accounting firm Miller, Kaplan, Arase & Co., LLP ("Miller Kaplan"), the markets we operate in (excluding Richmond and Raleigh, both of which no longer participate in Miller Kaplan) decreased 3.0% in total revenues. We experienced net revenue growth most significantly in our Charlotte, Richmond and Washington D.C. markets; however, this growth was offset by declines in other markets (with Columbus, Detroit, Philadelphia, and Houston experiencing the most significant declines). Reach Media's net revenues decreased 7.1% in the third quarter 2016, compared to the same period in 2015 due primarily to lower advertising and events revenue. We recognized approximately $46.8 million of revenue from our cable television segment during the three months ended September 30, 2016, compared to approximately $47.6 million for the same period in 2015, with the decrease primarily resulting from lower advertising sales. Finally, net revenues for our internet business decreased 2.3% for the three months ended September 30, 2016, compared to the same period in 2015 due primarily to decreases in alliance and indirect revenues.

Operating Expenses

Programming and technical, excluding stock-based compensation

Three Months Ended September 30,				Increase/(Decrease)		
2016		2015				
$	32,093	$	32,785	$	(692)	(2.1)%

Programming and technical expenses include expenses associated with on-air talent and the management and maintenance of the systems, tower facilities, and studios used in the creation, distribution and broadcast of programming content on our radio stations. Programming and technical expenses for the radio segment also include expenses associated with our programming research activities and music royalties. For our internet segment, programming and technical expenses include software product design, post-application software development and maintenance, database and server support costs, the help desk function, data center expenses connected with ISP hosting services and other internet content delivery expenses. For our cable television segment, programming and technical expenses include expenses associated with technical, programming, production, and content management. The decreased expense for the three months ended September 30, 2016, compared to the same period in 2015 is primarily due to lower music licensing costs in our radio broadcasting segment. The decrease in expense at our radio broadcasting segment was partially offset by an increase at our cable television segment.

Selling, general and administrative, excluding stock-based compensation

Three Months Ended September 30,				Increase/(Decrease)		
2016		2015				
$	35,806	$	41,380	$	(5,574)	(13.5)%

Selling, general and administrative expenses include expenses associated with our sales departments, offices and facilities and personnel (outside of our corporate headquarters), marketing and promotional expenses, special events and sponsorships and back office expenses. Expenses to secure ratings data for our radio stations and visitors' data for our websites are also included in selling, general and administrative expenses. In addition, selling, general and administrative expenses for the radio broadcasting segment and internet segment include expenses related to the advertising traffic (scheduling and insertion) functions. Selling, general and administrative expenses also include membership traffic acquisition costs for our online business. The decreased expense for the three months ended September 30, 2016, compared to the same period in 2015 was primarily driven by our cable television and radio broadcasting segments. The cable television segment incurred higher marketing and promotional expenses in the prior period related to advertising and promoting a new original program, as well as higher employee compensation costs in the prior period. Our radio broadcasting segment's lower expenses were driven by various cost cutting measures, including eliminating unprofitable events and lower contractual costs.

Corporate selling, general and administrative, excluding stock-based compensation

Three Months Ended September 30,		Increase/(Decrease)	
2016	2015		
$ 9,173	$ 10,798	$ (1,625)	(15.0)%

Corporate expenses consist of expenses associated with our corporate headquarters and facilities, including personnel as well as other corporate overhead functions. The net decrease in corporate expenses was due primarily to lower compensation costs.

Stock-based compensation

Three Months Ended September 30,		Increase/(Decrease)	
2016	2015		
$ 782	$ 1,016	$ (234)	(23.0)%

The decrease in stock-based compensation for the three months ended September 30, 2016, compared to the same period in 2015 is primarily due to the vesting and cancellation of stock awards for certain executive officers and other management personnel.

Depreciation and amortization

Three Months Ended September 30,		Increase/(Decrease)	
2016	2015		
$ 8,469	$ 8,277	$ 192	2.3%

Depreciation and amortization expense increased to approximately $8.5 million compared to approximately $8.3 million for the three months ended September 30, 2015.

Impairment of long-lived assets

Three Months Ended September 30,		Increase/(Decrease)	
2016	2015		
$ —	$ 14,545	$ (14,545)	(100.0)%

During the quarter ended September 30, 2015, the Company identified a triggering event to perform an interim goodwill impairment analysis on the Interactive One reporting unit. The Company recorded a goodwill impairment charge related to Interactive One of approximately $14.5 million during the quarter ended September 30, 2015.

Interest expense

Three Months Ended September 30,		Increase/(Decrease)	
2016	2015		
$ 20,319	$ 20,356	$ (37)	(0.2)%

Interest expense decreased to approximately $20.3 million for the three months ended September 30, 2016, compared to approximately $20.4 million for the same period in 2015.

Provision for income taxes

Three Months Ended September 30,				Increase/(Decrease)		
2016		2015				
$	4,307	$	4,439	$	(132)	(3.0)%

For the three months ended September 30, 2016 and 2015, the provision for income taxes was approximately $4.3 million and $4.4 million, respectively, primarily related to the deferred tax liability ("DTL") for indefinite-lived intangible assets. The change in taxes was primarily due to the completion of tax amortization from previously acquired indefinite-lived intangible assets and provision to return adjustments to the state effective rate.

Noncontrolling interests in income of subsidiaries

Three Months Ended September 30,				Increase/(Decrease)		
2016		2015				
$	403	$	514	$	(111)	(21.6)%

The decrease in noncontrolling interests in income of subsidiaries was due to lower net income generated by Reach Media.

Other Data

Broadcast and internet operating income

Broadcast and internet operating income increased to approximately $43.0 million for the three months ended September 30, 2016, compared to approximately $41.7 million for the comparable period in 2015, an increase of $1.2 million or 2.9%. Our cable television segment generated approximately $20.5 million of broadcast and internet operating income during the quarter ended September 30, 2016, compared to $18.7 million during the quarter ended September 30, 2015, primarily attributable to lower selling, general and administrative expenses, due to lower marketing and promotional expenses and lower compensation costs.

Broadcast and internet operating income margin

Broadcast and internet operating income margin increased to 38.8% for the three months ended September 30, 2016, from 36.0% for the comparable period in 2015. The margin increase was primarily attributable to our cable television segment's higher broadcast and internet operating margin of 43.8% for the three months ended September 30, 2016, compared to 39.2% for the three months ended September 30, 2015, primarily due to lower selling, general and administrative expenses as noted above.

RADIO ONE, INC. AND SUBSIDIARIES
RESULTS OF OPERATIONS

The following table summarizes our historical consolidated results of operations:

Nine Months Ended September 30, 2016, Compared to Nine Months Ended September 30, 2015 (In thousands)

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	Increase/(Decrease)	
	(Unaudited)	(As reclassified)		
Statements of Operations:				
Net revenue	$ 342,663	$ 341,477	$ 1,186	0.3%
Operating expenses:				
Programming and technical, excluding stock-based compensation	96,789	98,667	(1,878)	(1.9)
Selling, general and administrative, excluding stock-based compensation	114,347	118,397	(4,050)	(3.4)
Corporate selling, general and administrative, excluding stock-based compensation	32,425	32,256	169	0.5
Stock-based compensation	2,319	3,795	(1,476)	(38.9)
Depreciation and amortization	25,723	26,345	(622)	(2.4)
Impairment of long-lived assets	—	14,545	(14,545)	(100.0)
Total operating expenses	271,603	294,005	(22,402)	(7.6)
Operating income	71,060	47,472	23,588	49.7
Interest income	174	68	106	155.9
Interest expense	61,488	59,620	1,868	3.1
Gain (loss) on retirement of debt	2,646	(7,091)	9,737	137.3
Other (income) expense, net	(76)	246	322	130.9
Income (loss) before provision for income taxes, and noncontrolling interests in income of subsidiaries	12,468	(19,417)	31,885	164.2
Provision for income taxes	8,265	22,911	(14,646)	(63.9)
Consolidated net income (loss)	4,203	(42,328)	46,531	109.9
Net income attributable to noncontrolling interests	1,259	7,345	(6,086)	(82.9)
Net income (loss) attributable to common stockholders	$ 2,944	$ (49,673)	$ 52,617	105.9%

Net revenue

Nine Months Ended September 30,				Increase/(Decrease)		
2016		2015				
$	342,663	$	341,477	$	1,186	0.3%

During the nine months ended September 30, 2016, we recognized approximately $342.7 million in net revenue compared to approximately $341.5 million during the same period in 2015. These amounts are net of agency and outside sales representative commissions. Net revenues from our radio broadcasting segment for the nine months ended September 30, 2016, decreased 2.3% from the same period in 2015. Based on reports prepared by Miller Kaplan, the markets we operate in decreased 0.7% in total revenues. We experienced net revenue growth in certain markets (most significantly in our Charlotte, Cleveland and Washington, DC markets); however, this growth was offset by declines in other markets (with our Columbus, Detroit, Houston, and Philadelphia markets experiencing the most significant net revenue declines). Reach Media's net revenues decreased 0.4% for the nine months ended September 30, 2016, compared to the same period in 2015. We recognized approximately $143.9 million and $138.9 million of revenue from our cable television segment during the nine months ended September 30, 2016, and 2015, respectively, due primarily to an increase in rates for certain affiliates. Net revenue for our internet business decreased 0.6% for the nine months ended September 30, 2016, compared to the same period in 2015.

Operating Expenses

Programming and technical, excluding stock-based compensation

Nine Months Ended September 30,				Increase/(Decrease)		
2016		2015				
$	96,789	$	98,667	$	(1,878)	(1.9)%

Programming and technical expenses include expenses associated with on-air talent and the management and maintenance of the systems, tower facilities, and studios used in the creation, distribution and broadcast of programming content on our radio stations. Programming and technical expenses for the radio segment also include expenses associated with our programming research activities and music royalties. For our internet segment, programming and technical expenses include software product design, post-application software development and maintenance, database and server support costs, the help desk function, data center expenses connected with ISP hosting services and other internet content delivery expenses. For our cable television segment, programming and technical expenses include expenses associated with technical, programming, production, and content management. The decreased expense for the nine months ended September 30, 2016, compared to the same period in 2015 is primarily due to lower music licensing costs in our radio broadcasting segment.

Selling, general and administrative, excluding stock-based compensation

Nine Months Ended September 30,				Increase/(Decrease)		
2016		2015				
$	114,347	$	118,397	$	(4,050)	(3.4)%

Selling, general and administrative expenses include expenses associated with our sales departments, offices and facilities and personnel (outside of our corporate headquarters), marketing and promotional expenses, special events and sponsorships and back office expenses. Expenses to secure ratings data for our radio stations and visitors' data for our websites are also included in selling, general and administrative expenses. In addition, selling, general and administrative expenses for the radio broadcasting segment and internet segment include expenses related to the advertising traffic (scheduling and insertion) functions. Selling, general and administrative expenses also include membership traffic acquisition costs for our online business. The decrease in selling, general and administrative expenses is primarily driven by our radio broadcasting segment. Our radio broadcasting segment's lower expenses were driven by various cost cutting measures, including eliminating unprofitable events and lower contractual costs.

Corporate selling, general and administrative, excluding stock-based compensation

Nine Months Ended September 30,		Increase/(Decrease)	
2016	2015		
$ 32,425	$ 32,256	$ 169	0.5%

Corporate expenses consist of expenses associated with our corporate headquarters and facilities, including personnel as well as other corporate overhead functions. There was an increase in corporate expenses due to an increase in compensation expense for the Chief Executive Officer in connection with the valuation of the potential payment for the Employment Agreement Award element in his employment agreement. This increase was partially offset by a decrease in our cable television segment due to a decrease in the allowance for doubtful accounts.

Stock-based compensation

Nine Months Ended September 30,		Increase/(Decrease)	
2016	2015		
$ 2,319	$ 3,795	$ (1,476)	(38.9)%

The decrease in stock-based compensation for the nine months ended September 30, 2016, compared to the same period in 2015 is primarily due to the vesting and cancellation of stock awards for certain executive officers and other management personnel.

Depreciation and amortization

Nine Months Ended September 30,		Increase/(Decrease)	
2016	2015		
$ 25,723	$ 26,345	$ (622)	(2.4)%

The decrease in depreciation and amortization expense for the nine months ended September 30, 2016, was due to the completion of useful lives for certain assets and the completion of amortization for certain intangible assets.

Impairment of long-lived assets

Nine Months Ended September 30,		Increase/(Decrease)	
2016	2015		
$ —	$ 14,545	$ (14,545)	(100.0)%

During the nine months ended September 30, 2015, the Company identified a triggering event to perform an interim goodwill impairment analysis on the Interactive One reporting unit. The Company recorded a goodwill impairment charge related to Interactive One of approximately $14.5 million during the nine months ended September 30, 2015.

Interest expense

Nine Months Ended September 30,		Increase/(Decrease)	
2016	2015		
$ 61,488	$ 59,620	$ 1,868	3.1%

Interest expense increased to approximately $61.5 million for the nine months ended September 30, 2016, compared to approximately $59.6 million for the same period in 2015. The primary driver of the increase in interest expense was higher debt balances, partially offset by lower interest rates.

Gain (loss) on retirement of debt

Nine Months Ended September 30,		Increase/(Decrease)	
2016	**2015**		
$ 2,646	$ (7,091)	$ 9,737	137.3%

The gain on retirement of debt for the nine months ended September 30, 2016, was due to the redemption of approximately $20 million of our 2020 Notes at a discount. The loss on retirement of debt of approximately $7.1 million for the nine months ended September 30, 2015, was due to the retirement of the 2011 Credit Agreement and payoff of the TV One Notes during the second quarter. This amount included a write-off of approximately $1.3 million of previously capitalized debt financing costs, a write-off of $844,000 of original issue discount associated with the 2011 Credit Agreement, as amended, as well as $827,000 associated with the call premium to refinance the credit facility, $106,000 associated with the consent to the existing holders of the 2020 Notes and approximately $4.0 million of costs associated with the financing transactions.

Provision for income taxes

Nine Months Ended September 30,		Increase/(Decrease)	
2016	**2015**		
$ 8,265	$ 22,911	$ (14,646)	(63.9)%

For the nine months ended September 30, 2016 and 2015, the provision for income taxes was approximately $8.3 million and $22.9 million, respectively, primarily related to the DTL for indefinite-lived intangible assets. The decrease in the provision for income taxes was primarily due to the completion of tax amortization from previously acquired indefinite-lived intangible assets.

Noncontrolling interests in income of subsidiaries

Nine Months Ended September 30,		Increase/(Decrease)	
2016	**2015**		
$ 1,259	$ 7,345	$ (6,086)	(82.9)%

The decrease in noncontrolling interests in income of subsidiaries was due primarily to our increased ownership percentage of TV One, as TV One is now wholly-owned.

Other Data

Broadcast and internet operating income

Broadcast and internet operating income increased to approximately $131.5 million for the nine months ended September 30, 2016, compared to approximately $124.4 million for the comparable period in 2015, an increase of $7.1 million or 5.7%. This increase was due to higher broadcast and internet operating income, primarily at our radio broadcasting and cable television segments. TV One generated approximately $65.6 million of broadcast and internet operating income during the nine months ended September 30, 2016, compared to $61.1 million during the nine months ended September 30, 2015, with the increase due primarily to increased affiliate revenues. The radio broadcasting segment generated approximately $57.0 million of broadcast and internet operating income during the nine months ended September 30, 2016, compared to $52.4 million during the nine months ended September 30, 2015, with the increase primarily attributable to lower selling, general and administrative expenses due to the elimination of unprofitable events and lower contractual costs.

Broadcast and internet operating income margin

Broadcast and internet operating income margin increased to 38.4% for the nine months ended September 30, 2016, compared to 36.4% for the comparable period in 2015. The margin increase was primarily attributable to greater operating income as noted above.

LIQUIDITY AND CAPITAL RESOURCES

Our primary source of liquidity is cash provided by operations and, to the extent necessary, borrowings available under our senior credit facility and other debt or equity financing.

2022 Notes and 2015 Credit Facilities

On April 17, 2015, the Company closed its private offering of $350.0 million aggregate principal amount of 7.375% senior secured notes due in April 2022 (the “2022 Notes”). The 2022 Notes were offered at an original issue price of 100.0% plus accrued interest from April 17, 2015, and will mature on April 15, 2022. Interest on the 2022 Notes accrues at the rate of 7.375% per annum and is payable semiannually in arrears on April 15 and October 15, which commenced on October 15, 2015. The 2022 Notes are guaranteed, jointly and severally, on a senior secured basis by the Company’s existing and future domestic subsidiaries, including TV One, that guarantee any of its new $350.0 million senior secured credit facility (the “2015 Credit Facility”) entered into concurrently with the closing of the 2022 Notes.

The 2015 Credit Facility matures on December 31, 2018. At the Company’s election, the interest rate on borrowings under the 2015 Credit Facility is based on either (i) the then applicable base rate plus 3.5% (as defined in the 2015 Credit Facility) as, for any day, a rate per annum (rounded upward, if necessary, to the next 1/100th of 1%) equal to the greater of (a) the prime rate published in the Wall Street Journal, (b) 1/2 of 1% in excess rate of the overnight Federal Funds Rate at any given time, and (c) the one-month LIBOR rate commencing on such day plus 1.00%), or (ii) the then applicable LIBOR rate plus 4.5% (as defined in the 2015 Credit Facility). The average interest rate was approximately 5.14% for the three months ended September 30, 2016. Quarterly installments of 0.25%, or $875,000, of the principal balance on the term loan are payable on the last day of each March, June, September and December beginning on September 30, 2015. During the three and nine months ended September 30, 2016, the Company repaid $875,000 and approximately $2.6 million, respectively, under the 2015 Credit Facility.

In connection with the closing of the financing transactions, the Company and the guarantor parties thereto entered into a Fourth Supplemental Indenture to the indenture governing the 2020 Notes (as defined below). Pursuant to this Fourth Supplemental Indenture, TV One, which previously did not guarantee the 2020 Notes, became a guarantor under the 2020 Notes indentures. In addition, the closing of the financing transactions caused a “Triggering Event” (as defined in the 2020 Notes Indenture) and, as a result, the 2020 Notes became an unsecured obligation of the Company and the subsidiary guarantors and rank equal in right of payment with the Company’s other senior indebtedness.

The Company used the net proceeds from the 2022 Notes, along with term loan borrowings under the 2015 Credit Facility, to refinance its 2011 Credit Agreement, refinance the TV One Notes (as defined below), finance the buyout of membership interests of Comcast in TV One and to pay the related accrued interest, premiums, fees and expenses associated therewith.

The 2015 Credit Facility contains affirmative and negative covenants that the Company is required to comply with, including:

(a) maintaining an interest coverage ratio of no less than:
- 1.25 to 1.00 on June 30, 2015 and the last day of each fiscal quarter thereafter.

(b) maintaining a senior leverage ratio of no greater than:
- 5.85 to 1.00 on June 30, 2015 and the last day of each fiscal quarter thereafter.

(c) limitations on:
- liens;
- sale of assets;
- payment of dividends; and
- mergers.

As of September 30, 2016, ratios calculated in accordance with the 2015 Credit Facility were as follows:

	As of September 30, 2016	Covenant Limit	Excess Coverage
Interest Coverage			
Covenant EBITDA / Interest Expense	1.79x	1.25x	0.54x
Senior Secured Leverage			
Senior Secured Debt / Covenant EBITDA	4.73x	5.85x	1.12x
Covenant EBITDA – Earnings before interest, taxes, depreciation and amortization (“EBITDA”) adjusted for certain other adjustments, as defined in the 2015 Credit Facility			

As of September 30, 2016, the Company was in compliance with all of its financial covenants under the 2015 Credit Facility.

As of September 30, 2016, the Company had outstanding approximately $345.6 million on its 2015 Credit Facility. The original issue discount is being reflected as an adjustment to the carrying amount of the debt obligations and amortized to interest expense over the term of the credit facility. The Company early adopted ASU 2015-03 during the year ended December 31, 2015, resulting in approximately $7.4 million of net debt issuance costs presented as a direct reduction to the Company's long-term debt in the consolidated balance sheet as of December 31, 2015. The amortization of deferred financing costs was charged to interest expense for all periods presented. The amount of deferred financing costs included in interest expense for the three months ended September 30, 2016 and 2015 was approximately $1.3 million and $1.2 million, respectively. The amount of deferred financing costs included in interest expense for the nine months ended September 30, 2016 and 2015 was approximately $3.9 million and $3.6 million, respectively.

2011 Credit Facilities

On March 31, 2011, the Company entered into a senior secured credit facility (the “2011 Credit Agreement”) with a syndicate of banks, and simultaneously borrowed $386.0 million to retire all outstanding obligations under the Company’s previous amended and restated credit agreement and to fund a past obligation with respect to a capital call initiated by TV One. The total amount available under the 2011 Credit Agreement was $411.0 million, initially consisting of a $386.0 million term loan facility that matured on March 31, 2016, and a $25.0 million revolving loan facility that matured on March 31, 2015. Borrowings under the 2011 Credit Agreement were subject to compliance with certain covenants including, but not limited to, certain financial covenants. Proceeds from the 2011 Credit Agreement could be used for working capital, capital expenditures made in the ordinary course of business, a common stock repurchase program, permitted direct and indirect investments and other lawful corporate purposes. On December 19, 2012, the Company entered into an amendment to the 2011 Credit Agreement (the “December 2012 Amendment”). The December 2012 Amendment: (i) modified financial covenant levels with respect to the Company's total-leverage, secured-leverage, and interest-coverage ratios; (ii) increased the amount of cash the Company can net for determination of its net indebtedness tests; and (iii) extended the time for certain of the 2011 Credit Agreement's call premium while reducing the time for its later and lower premium.

On January 21, 2015, the Company entered into a second amendment to the 2011 Credit Agreement (the “Second Amendment”) with its lenders. The provisions of the 2011 Credit Agreement relating to the call premium were revised by the Second Amendment to extend the call protection from April 1, 2015, until maturity. The Second Amendment provided a call premium of 101.5% if the 2011 Credit Agreement were refinanced with proceeds from a notes offering and 100.5% if the 2011 Credit Agreement was refinanced with proceeds from any other repayment, including proceeds from a new term loan. The call premium was payable at the earlier of any refinancing or final maturity.

The 2011 Credit Agreement, as amended, contained affirmative and negative covenants with which the Company was required to comply, including financial covenants. In accordance with the 2011 Credit Agreement, as amended, the calculations for the ratios did not include the operating results or related debt of TV One, but rather included our proportionate share of cash dividends received from TV One for periods presented.

Under the terms of the 2011 Credit Agreement, as amended, interest on base rate loans was payable quarterly and interest on LIBOR loans was payable monthly or quarterly. The base rate was equal to the greater of: (i) the prime rate; (ii) the Federal Funds Effective Rate plus 0.50%; or (iii) the one-month LIBOR Rate plus 1.00%. The applicable margin on the 2011 Credit Agreement was between (i) 4.50% and 5.50% on the revolving portion of the facility and (ii) 5.00% (with a base rate floor of 2.5% per annum) and 6.00% (with a LIBOR floor of 1.5% per annum) on the term portion of the facility. The average interest rate was 7.50% for the first quarter of 2015 prior to the refinancing. Quarterly installments of 0.25%, or $957,000, of the principal balance on the term loan were payable on the last day of each March, June, September and December.

On February 24, 2015, the Company entered into a letter of credit reimbursement and security agreement. As of September 30, 2016, the Company had letters of credit totaling $933,000 under the agreement for certain operating leases and certain insurance policies. Letters of credit issued under the agreement are required to be collateralized with cash.

During the year ended December 31, 2015, the Company repaid approximately $368.5 million under the 2011 Credit Agreement, as amended. The original issue discount was being reflected as an adjustment to the carrying amount of the debt obligations and amortized to interest expense over the term of the credit facility. According to the terms of the Credit Agreement, as amended, the Company did not make an excess cash flow payment in April 2015.

As noted above, the Company used the net proceeds from the private offering of the 2022 Notes, along with term loan borrowings under the 2015 Credit Facility, to refinance its 2011 Credit Agreement, as amended. The Company recorded a loss on retirement of debt of approximately $7.1 million for the year ended December 31, 2015. This amount included a write-off of approximately $1.3 million of previously capitalized debt financing costs, a write-off of $844,000 of original issue discount associated with the 2011 Credit Agreement, as amended, as well as $827,000 associated with the call premium to refinance the credit facility, $106,000 associated with the consent to the existing holders of the 2020 Notes and approximately $4.0 million of costs associated with the financing transactions.

Senior Subordinated Notes

On February 10, 2014, the Company closed a private placement offering of $335.0 million aggregate principal amount of 9.25% senior subordinated notes due 2020 (the “2020 Notes”). The 2020 Notes were offered at an original issue price of 100.0% plus accrued interest from February 10, 2014. The 2020 Notes mature on February 15, 2020. Interest accrues at the rate of 9.25% per annum and is payable semiannually in arrears on February 15 and August 15 in the amount of approximately $15.5 million, which commenced on August 15, 2014. Subsequent to the repurchase of a portion of the 2020 Notes (as described below), the semiannual interest payment is approximately $14.6 million. The 2020 Notes are guaranteed by certain of the Company’s existing and future domestic subsidiaries and any other subsidiaries that guarantee the existing senior credit facility or any of the Company’s other syndicated bank indebtedness or capital markets securities. The Company used the net proceeds from the offering to repurchase or otherwise redeem all of the amounts then outstanding under its 12.5%/15% Senior Subordinated Notes due May 2016 and to pay the related accrued interest, premiums, fees and expenses associated therewith. During the quarter ended June 30, 2016, the Company repurchased approximately $20 million of its 2020 Notes at an average price of approximately 86% of par. The Company recorded a gain on retirement of debt of approximately $2.6 million for the quarter ended June 30, 2016. As of September 30, 2016, and December 31, 2015, the Company had $315.0 million and $335.0 million, respectively, of 2020 Notes outstanding.

The indenture that governs the 2020 Notes contains covenants that restrict, among other things, the ability of the Company to incur additional debt, purchase common stock, make capital expenditures, make investments or other restricted payments, swap or sell assets, engage in transactions with related parties, secure non-senior debt with assets, or merge, consolidate or sell all or substantially all of its assets.

TV One Senior Secured Notes

TV One issued $119.0 million in senior secured notes on February 25, 2011 (“TV One Notes”). The proceeds from the notes were used to purchase equity interests from certain financial investors and TV One management. The notes accrued interest at 10.0% per annum, which was payable monthly, and the entire principal amount was due on March 15, 2016. In connection with the closing of the financing transactions on April 17, 2015, the TV One Notes were repaid.

Comcast Note

The Company also has outstanding a senior unsecured promissory note in the aggregate principal amount of approximately $11.9 million due to Comcast (“Comcast Note”). The Comcast Note bears interest at 10.47%, is payable quarterly in arrears, and the entire principal amount is due on April 17, 2019.

Asset-Backed Credit Facility

On April 21, 2016, the Company entered into a senior credit agreement governing an asset-backed credit facility (the “ABL Facility”) among the Company, the lenders party thereto from time to time and Wells Fargo Bank National Association, as administrative agent (the “Administrative Agent”). The ABL Facility provides for $25 million in revolving loan borrowings in order to provide for the working capital needs and general corporate requirements of the Company. As of September 30, 2016, the Company does not have any borrowings outstanding on its ABL Facility.

At the Company’s election, the interest rate on borrowings under the ABL Facility are based on either (i) the then applicable margin relative to Base Rate Loans (as defined in the ABL Facility) or (ii) the then applicable margin relative to LIBOR Loans (as defined in the ABL Facility) corresponding to the average availability of the Company for the most recently completed fiscal quarter.

Advances under the ABL Facility are limited to (a) eighty-five percent (85%) of the amount of Eligible Accounts (as defined in the ABL Facility), less the amount, if any, of the Dilution Reserve (as defined in the ABL Facility), minus (b) the sum of (i) the Bank Product Reserve (as defined in the ABL Facility), plus (ii) the aggregate amount of all other reserves, if any, established by Administrative Agent.

All obligations under the ABL Facility are secured by first priority lien on all (i) deposit accounts (related to accounts receivable), (ii) accounts receivable, (iii) all other property which constitutes ABL Priority Collateral (as defined in the ABL Facility). The obligations are also secured by all material subsidiaries of the Company.

The ABL Facility matures on the earlier to occur of: (a) the date that is five (5) years from the effective date of the ABL Facility and (b) the date that is thirty (30) days prior to the earlier to occur of (i) the "Term Loan Maturity Date" of the Company’s existing term loan, and (ii) the "Stated Maturity" of the Company’s existing notes. As of the effective date of the ABL Facility, the "Term Loan Maturity Date" is December 31, 2018, and the "Stated Maturity" is April 15, 2022.

Finally, the ABL Facility is subject to the terms of the Intercreditor Agreement (as defined in the ABL Facility) by and among the Administrative Agent, the administrative agent for the secured parties under the Company’s term loan and the trustee and collateral trustee under the senior secured notes indenture.

The Company conducts a portion of its business through its subsidiaries. Certain of the Company’s subsidiaries have fully and unconditionally guaranteed the Company’s 2022 Notes, 2020 Notes and the Company’s obligations under the 2015 Credit Facility.

The 2022 Notes are the Company’s senior secured obligations and rank equal in right of payment with all of the Company’s and the guarantors’ existing and future senior indebtedness, including obligations under the 2015 Credit Facility and the Company’s 2020 Notes. The 2022 Notes and related guarantees are equally and ratably secured by the same collateral securing the 2015 Credit Facility and any other parity lien debt issued after the issue date of the 2022 Notes, including any additional notes issued under the Indenture, but are effectively subordinated to the Company’s and the guarantors’ secured indebtedness to the extent of the value of the collateral securing such indebtedness that does not also secure the 2022 Notes. Collateral includes substantially all of the Company’s and the guarantors’ current and future property and assets for accounts receivable, cash, deposit accounts, other bank accounts, securities accounts, inventory and related assets including the capital stock of each subsidiary guarantor. Finally, the Company also has the Comcast Note which is a general but senior unsecured obligation of the Company.

The following table summarizes the interest rates in effect with respect to our debt as of September 30, 2016:

Type of Debt		Amount Outstanding (In millions)	Applicable Interest Rate
Senior bank term debt, net of original issue discount (at variable rates)(1)	$	336.5	5.14%
9.25% Senior Subordinated Notes, net of original issue discount and issuance costs (fixed rate)		312.5	9.25%
7.375% Senior Secured Notes, net of original issue discount and issuance costs (fixed rate)		344.9	7.375%
Comcast Note due April 2019 (fixed rate)		11.9	10.47%

(1) Subject to variable LIBOR plus a spread that is incorporated into the applicable interest rate set forth above.

The following table provides a comparison of our statements of cash flows for the nine months ended September 30, 2016 and 2015:

		2016		2015
	(In thousands)			
Net cash flows provided by operating activities	$	34,623	$	30,181
Net cash flows used in investing activities	$	(6,021)	$	(217,927)
Net cash flows (used in) provided by financing activities	$	(23,804)	$	179,123

Net cash flows provided by operating activities were approximately $34.6 million and $30.2 million for the nine months ended September 30, 2016 and 2015, respectively. Cash flows from operating activities for the nine months ended September 30, 2016, increased from the prior period primarily due to improved collections on accounts receivable, partially offset by payments on accounts payable and accrued compensation costs.

Net cash flows used in investing activities were approximately $6.0 million and $217.9 million for the nine months ended September 30, 2016 and 2015, respectively. Capital expenditures, including digital tower and transmitter upgrades, and deposits for station equipment and purchases were approximately $4.0 million and $6.0 million for the nine months ended September 30, 2016 and 2015, respectively. Proceeds from sales of investment securities were approximately $3.5 million for the nine months ended September 30, 2015 and purchases of investment securities were $591,000 for the nine months ended September 30, 2015. During the nine months ended September 30, 2015, the Company paid approximately $209.9 million to purchase the additional membership interest in TV One and paid approximately $5.0 million for the cost method investment in MGM. During the nine months ended September 30, 2016, the Company paid approximately $2.0 million to complete the acquisition of our new Columbus stations.

Net cash flows used in financing activities were approximately $23.8 million for the nine months ended September 30, 2016, and net cash flows provided by financing activities were approximately $179.1 million for the nine months ended September 30, 2015. During the nine months ended September 30, 2016 and 2015, the Company repaid approximately $2.6 million and $369.4 million, respectively, in outstanding debt. During the nine months ended September 30, 2016, the Company repurchased approximately $17.2 million of our 2020 Notes. In addition, during the nine months ended September 30, 2015, the Company repaid approximately $119.0 million in TV One senior secured notes. During the nine months ended September 30, 2015, we borrowed approximately $350.0 million in 7.375% Senior Secured Notes due 2022 and approximately $350.0 million in new 2015 Credit Facility. During the nine months ended September 30, 2016 and 2015, respectively, we capitalized $421,000 and approximately $23.5 million of costs associated with our indebtedness. The amounts capitalized in 2016 relate to costs associated with our new line of credit arrangement. During the nine months ended September 30, 2016 and 2015, respectively, we repurchased approximately $3.6 million and $1.4 million of our Class D Common Stock. TV One paid approximately $5.7 million in dividends to noncontrolling interest shareholders for the nine months ended September 30, 2015. Reach Media paid approximately $1.0 million in dividends to noncontrolling interest shareholders for the nine months ended September 30, 2015. During the nine months ended September 30, 2015, the Company paid a net premium of $827,000 associated with the call premium to refinance the credit facility.

Credit Rating Agencies

Our corporate credit ratings by Standard & Poor's Rating Services and Moody's Investors Service are speculative-grade and have been downgraded and upgraded at various times during the last several years. Any reductions in our credit ratings could increase our borrowing costs, reduce the availability of financing to us or increase our cost of doing business or otherwise negatively impact our business operations.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our significant accounting policies are described in Note 1 - *Organization and Summary of Significant Accounting Policies* of the consolidated financial statements in our Annual Report on Form 10-K. We prepare our consolidated financial statements in conformity with accounting principles generally accepted in the United States, which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. In Management’s Discussion and Analysis contained in our Annual Report on Form 10-K for the year ended December 31, 2015, we summarized the policies and estimates that we believe to be most critical in understanding the judgments involved in preparing our financial statements and the uncertainties that could affect our results of operations, financial condition and cash flows. There have been no material changes to our existing accounting policies or estimates since we filed our Annual Report on Form 10-K for the year ended December 31, 2015.

Goodwill and Radio Broadcasting Licenses

Impairment Testing

We have made several acquisitions in the past for which a significant portion of the purchase price was allocated to goodwill and radio broadcasting licenses. Goodwill exists whenever the purchase price exceeds the fair value of tangible and identifiable intangible net assets acquired in business combinations. As of September 30, 2016, we had approximately $645.1 million in broadcast licenses and $258.3 million in goodwill, which totaled $903.4 million, and represented approximately 66.4% of our total assets. Therefore, we believe estimating the fair value of goodwill and radio broadcasting licenses is a critical accounting estimate because of the significance of their carrying values in relation to our total assets. We did not record any impairment charges for the nine months ended September 30, 2016 and 2015, respectively.

We test for impairment annually across all reporting units, or when events or changes in circumstances or other conditions suggest impairment may have occurred in any given reporting unit. Our annual impairment testing is performed as of October 1 of each year. Impairment exists when the carrying value of these assets exceeds its respective fair value. When the carrying value exceeds fair value, an impairment amount is charged to operations for the excess.

Valuation of Broadcasting Licenses

During the second and third quarters of 2016, the total market revenue growth for certain markets in which we operate was below that used in our 2015 annual impairment testing. We deemed that to be an impairment indicator that warranted interim impairment testing of certain markets’ radio broadcasting licenses, which we performed as of June 30, 2016, and September 30, 2016. There was no impairment identified as part of this testing. During the second and third quarters of 2015, the total market revenue growth for certain markets in which we operate was below that used in our 2014 annual impairment testing. We deemed that to be an impairment indicator that warranted interim impairment testing of certain markets’ radio broadcasting licenses, which we performed as of June 30, 2015, and September 30, 2015. There was no impairment identified as part of this testing. There were no impairment indicators present for any of our other radio broadcasting licenses. Below are some of the key assumptions used in the income approach model for estimating broadcasting licenses fair values for the interim impairment assessments for the quarters ended September 30, 2016 and 2015.

Radio Broadcasting Licenses	September 30, 2016 (a)	September 30, 2015 (a)
Pre-tax impairment charge (in millions)	$ —	$ —
Discount Rate	9.0%	9.5%
Year 1 Market Revenue Growth Rate Range	0.3% – 0.5%	0.3% – 0.5%
Long-term Market Revenue Growth Rate Range (Years 6 – 10)	0.5% – 1.0%	1.0% – 1.5%
Mature Market Share Range	8.9% – 14.2%	9.8% – 14.3%
Operating Profit Margin Range	31.3% – 34.1%	31.7%

(a) Reflects changes only to the key assumptions used in the interim testing for certain units of accounting.

Valuation of Goodwill

During the third quarter of 2016, we identified an impairment indicator at one of our radio markets, and as such, we performed an interim analysis for that radio market's goodwill as of September 30, 2016. During the second and third quarters of 2015, we identified an impairment indicator at one of our radio markets, and as such, we performed an interim analysis for that radio market's goodwill as of June 30, 2015 and September 30, 2015. No goodwill impairment was identified during the three or nine months ended September 30, 2016 and 2015. Below are some of the key assumptions used in the income approach model for estimating reporting unit fair values for the interim impairment assessments for the quarters ended September 30, 2016 and 2015.

Goodwill (Radio Market Reporting Units)	September 30, 2016 (a)	September 30, 2015 (a)
Pre-tax impairment charge (in millions)	$ —	$ —
Discount Rate	9.0%	9.5%
Year 1 Market Revenue Growth Rate Range	0.6%	0.4% – 0.7%
Long-term Market Revenue Growth Rate Range (Years 6 – 10)	1.0%	1.0% – 2.0%
Mature Market Share Range	9.5%	7.4% – 14.8%
Operating Profit Margin Range	18.2% – 33.9%	26.4% – 38.7%

(a) Reflects changes only to the key assumptions used in the interim testing for certain units of accounting.

During the third quarter of 2015, the Company performed interim impairment testing on the valuation of goodwill associated with Interactive One. Interactive One's net revenues and cash flows declined and internal projections were revised downward, which we deemed to be an impairment indicator. The Company reduced its operating cash flow projections and assumptions based on Interactive One's actual results which did not meet budget. Below are some of the key assumptions used in the income approach model for estimating the fair value for Interactive One for the interim assessment at September 30, 2015. When compared to discount rates for the radio reporting units, the higher discount rate used to value the reporting unit is reflective of discount rates applicable to internet media businesses. As a result of our interim assessment, the Company recorded a goodwill impairment charge of approximately $14.5 million during the quarter ended September 30, 2015. There were no impairment indicators during the three or nine months ended September 30, 2016.

Internet Segment Goodwill	September 30, 2015
Pre-tax impairment charge (in millions)	$ 14.5
Discount Rate	14.0%
Year 1 Revenue Growth Rate	9.6%
Long-term Revenue Growth Rate (Year 10)	2.5%
Operating Profit Margin Range	4.5% – 23.9%

We did not identify any impairment indicators for the three or nine months ended September 30, 2016 and 2015, at our Reach Media or TV One reportable segments.

As part of our annual testing, when arriving at the estimated fair values for radio broadcasting licenses and goodwill, we also performed an analysis by comparing our overall average implied multiple based on our cash flow projections and fair values to recently completed sales transactions, and by comparing our fair value estimates to the market capitalization of the Company. The results of these comparisons confirmed that the fair value estimates resulting from our annual assessment for 2015 were reasonable.

Several of the licenses in our units of accounting have limited or no excess of fair values over their respective carrying values. Should our estimates, assumptions, or events or circumstances for any upcoming valuations worsen in the units with no or limited fair value cushion, additional license impairments may be needed in the future.

RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, " *Revenue from Contracts with Customers*" ("ASU 2014-09"), which supersedes the revenue recognition requirements in ASC 605, "*Revenue Recognition*" and most industry-specific guidance throughout the codification. The standard requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. On July 9, 2015, the FASB voted and approved to defer the effective date of ASU 2014-09 by one year. As a result, ASU 2014-09 will be effective for fiscal years beginning after December 15, 2017, with early adoption permitted but not prior to the original effective date of annual periods beginning after December 15, 2016. The Company has not yet completed its assessment of the impact of the new standard, including possible transition alternatives, on its consolidated financial statements. In March 2016, the FASB issued ASU 2016-08, "*Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*" ("ASU 2016-08"). The amendments in ASU 2016-08 clarify the implementation guidance on principal versus agent considerations. ASU 2016-08 is effective for the Company for annual and interim reporting periods beginning July 1, 2018. The Company is currently evaluating the impact ASU 2016-08 will have on its consolidated financial statements. In April 2016, the FASB issued ASU 2016-10, " *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*" ("ASU 2016-10"). ASU 2016-10 clarifies the implementation guidance on identifying performance obligations. In May 2016, the FASB issued ASU 2016-11, "*Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815): Rescission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16 Pursuant to Staff Announcements at the March 3, 2016 EITF Meeting"* ("ASU 2016-11") and ASU 2016-12, *"Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients"* ("ASU 2016-12"). ASU 2016-11 and ASU 2016-12 provide additional clarification and implementation guidance on the previously issued ASU 2014-09. The Company is currently evaluating the impact ASU 2016-10, ASU 2016-11 and ASU 2016-12 will have on its consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, " *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*" ("ASU 2015-03"). ASU 2015-03 aims to simplify the presentation of debt issuance costs by requiring debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Prior to ASU 2015-03, debt issuance costs were presented as a deferred charge under GAAP. ASU 2015-03 is effective for fiscal years beginning after December 15, 2015, and is to be applied retrospectively, with early adoption permitted. The Company early adopted ASU 2015-03 during the year ended December 31, 2015, resulting in approximately $7.4 million of net debt issuance costs presented as a direct reduction to the Company's long-term debt in the consolidated balance sheet as of December 31, 2015. In August 2015, the FASB issued ASU 2015-15, " *Interest - Imputation of Interest: Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements*" ("ASU 2015-15"), which allows companies to continue to defer and present debt issuance costs as an asset that is amortized ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. The Company adopted ASU 2015-15 on January 1, 2016, and capitalized $421,000 of debt issuance costs for the nine months ended September 30, 2016, associated with its new line of credit arrangement.

In November 2015, the FASB issued ASU 2015-17, "*Balance Sheet Classification of Deferred Taxes*" ("ASU 2015-17"), which simplifies the presentation of deferred income taxes by requiring deferred tax assets and liabilities to be classified as noncurrent in the consolidated balance sheet. ASU 2015-17 is effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted and may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. We early adopted ASU 2015-17 in the fourth quarter of 2015 on a retroactive basis and included the current portion of deferred tax liabilities within the noncurrent portion of deferred tax liabilities within our consolidated balance sheets. However, we did not adjust our prior period consolidated balance sheet as a result of the adoption of this ASU as the impact was immaterial.

In February 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*" ("ASU 2016-02"), which is a new lease standard that amends lease accounting. ASU 2016-02 will require lessees to recognize a lease asset and lease liability for leases classified as operating leases. ASU 2016-02 is effective for annual periods beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. The Company has not yet completed its assessment of the impact of the new standard on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, "*Compensation - Stock Compensation (Topic 718)*" ("ASU 2016-09"), which relates to the accounting for employee share-based payments. This standard provides updated guidance for the accounting for certain aspects of share-based payment awards to employees, including the accounting for income taxes, forfeitures, statutory tax withholding requirements and the classification on the statement of cash flows. This standard will be effective for interim and annual reporting periods after December 15, 2016, including interim periods within those fiscal years, with early adoption permitted. The Company has not yet completed its assessment of the impact of the new standard on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, "*Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*" ("ASU 2016-13"). ASU 2016-13 is intended to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This standard will be effective for interim and annual reporting periods after December 15, 2019, including interim periods within those fiscal years, with early adoption permitted for annual periods after December 15, 2018. The Company has not yet completed its assessment of the impact of the new standard on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, " *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (A Consensus of the Emerging Issues Task Force)*" ("ASU 2016-15"). ASU 2016-15 is intended to reduce diversity in practice in how certain transactions are classified in the statement of cash flows. This standard will be effective for interim and annual reporting periods after December 15, 2017, including interim periods within those fiscal years, with early adoption permitted. The Company has not yet completed its assessment of the impact of the new standard on its consolidated financial statements.

CAPITAL AND COMMERICAL COMMITMENTS:

Radio Broadcasting Licenses

Each of the Company's radio stations operates pursuant to one or more licenses issued by the Federal Communications Commission that have a maximum term of eight years prior to renewal. The Company's radio broadcasting licenses expire at various times beginning October 1, 2019 through August 1, 2022. Although the Company may apply to renew its radio broadcasting licenses, third parties may challenge the Company's renewal applications. The Company is not aware of any facts or circumstances that would prevent the Company from having its current licenses renewed.

Indebtedness

We have several debt instruments outstanding within our corporate structure. We incurred senior bank debt as part of our 2015 Credit Facility in the amount of $350.0 million that matures on December 31, 2018. We also have $315.0 million outstanding in our 2020 Notes and we also have $350.0 million outstanding in our 2022 Notes. Finally, we also have outstanding our senior unsecured promissory note in the agreement principal amount of approximately $11.9 million under the Comcast Note. See "*Liquidity and Capital Resources.*"

Royalty Agreements

The Company has historically entered into fixed and variable fee music license agreements with performance rights organizations including the Society of European Stage Authors and Composers ("SESAC"), American Society of Composers, Authors and Publishers ("ASCAP") and Broadcast Music, Inc. ("BMI"). Our ASCAP and BMI licenses expire December 31, 2016. The Company has authorized the Radio Music License Committee (the "RMLC") to negotiate on its behalf with respect to its licenses with SESAC, ASCAP and BMI including the ASCAP and BMI licenses expiring December 31, 2016. The RMLC is currently in negotiations with ASCAP and BMI for license terms of January 1, 2017 through December 31, 2021. The RMLC is in preparation for a binding rate arbitration with SESAC. This arbitration will be completed by the end of the first calendar quarter of 2017 and the rate decision will have retroactive application to January 1, 2016. In the interim, we continue payments to SESAC at the existing 2015 rates and, SESAC may not increase our fees for any reason prior to the rate arbitration decision being issued. In connection with all performance rights organization agreements, the Company incurred expenses of approximately $1.0 million and $2.7 million for the three month periods ended September 30, 2016 and 2015, respectively, and approximately $6.1 million and $7.7 million for the nine month periods ended September 30, 2016 and 2015, respectively.

Lease obligations

We have non-cancelable operating leases for office space, studio space, broadcast towers and transmitter facilities that expire over the next 15 years.

Operating Contracts and Agreements

We have other operating contracts and agreements including employment contracts, on-air talent contracts, severance obligations, retention bonuses, consulting agreements, equipment rental agreements, programming related agreements, and other general operating agreements that expire over the next nine years.

Reach Media Noncontrolling Interest Shareholders' Put Rights

Beginning on January 1, 2018, the noncontrolling interest shareholders of Reach Media have an annual right to require Reach Media to purchase all or a portion of their shares at the then current fair market value for such shares (the "Put Right"). Beginning in 2018, this annual right is exercisable for a 30-day period beginning January 1 of each year. The purchase price for such shares may be paid in cash and/or registered Class D common stock of Radio One, at the discretion of Radio One.

Contractual Obligations Schedule

The following table represents our contractual obligations as of September 30, 2016:

	Payments Due by Period						
Contractual Obligations	**Remainder of 2016**	**2017**	**2018**	**2019**	**2020**	**2021 and Beyond**	**Total**
				(In thousands)			
9.25% Senior Subordinated Notes(1)	$ 7,284	$ 29,138	$ 29,138	$ 29,138	$ 318,238	$ —	$ 412,936
7.375% Senior Subordinated Notes(1)	6,453	25,813	25,813	25,813	25,813	383,341	493,046
Credit facilities(2)	5,204	21,130	358,700	—	—	—	385,034
Other operating contracts / agreements(3)	37,382	52,849	19,322	16,109	13,606	80,318	219,586
Operating lease obligations	2,820	11,481	7,794	6,976	6,258	20,675	56,004
Comcast Note	311	1,243	1,243	12,086	—	—	14,883
Total	$ 59,454	$ 141,654	$ 442,010	$ 90,122	$ 363,915	$ 484,334	$ 1,581,489

(1) Includes interest obligations based on current effective interest rate on senior subordinated notes and secured notes outstanding as of September 30, 2016.

(2) Includes interest obligations based on effective interest rate and projected interest expense on credit facilities outstanding as of September 30, 2016.

(3) Includes employment contracts (including the Employment Agreement Award), severance obligations, on-air talent contracts, consulting agreements, equipment rental agreements, programming related agreements, and other general operating agreements. Also includes contracts that TV One has entered into to acquire entertainment programming rights and programs from distributors and producers. These contracts relate to their content assets as well as prepaid programming related agreements.

Of the total amount of other operating contracts and agreements included in the table above, approximately $148.1 million has not been recorded on the balance sheet as of September 30, 2016, as it does not meet recognition criteria. Approximately $18.7 million relates to certain commitments for content agreements for our cable television segment, approximately $21.1 million relates to employment agreements, and the remainder relates to other programming, network and operating agreements.

Other Contingencies

The Company has been named as a defendant in several legal actions arising in the ordinary course of business. It is management's opinion, after consultation with its legal counsel, that the outcome of these claims will not have a material adverse effect on the Company's financial position or results of operations.

Off-Balance Sheet Arrangements

On February 24, 2015, the Company entered into a letter of credit reimbursement and security agreement. As of September 30, 2016, the Company had letters of credit totaling $933,000 under the agreement for certain operating leases and certain insurance policies. Letters of credit issued under the agreement are required to be collateralized with cash.

Item 3: *Quantitative and Qualitative Disclosures About Market Risk*

For quantitative and qualitative disclosures about market risk affecting Radio One, see Item 7A: "*Quantitative and Qualitative Disclosures about Market Risk*" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. Our exposure related to market risk has not changed materially since December 31, 2015.

Item 4. *Controls and Procedures*

Evaluation of disclosure controls and procedures

We have carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, our CEO and CFO concluded that, as of such date, our disclosure controls and procedures are effective in timely alerting them to material information required to be included in our periodic SEC reports. Disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, are controls and procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can only provide 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. Our disclosure controls and procedures are designed to provide a reasonable level of assurance of reaching our desired disclosure controls objectives. Our management, including our CEO and CFO, has concluded that our disclosure controls and procedures are effective in reaching that level of reasonable assurance.

Changes in internal control over financial reporting

During the three months ended September 30, 2016, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. ***Legal Proceedings***

Legal Proceedings

Radio One is involved from time to time in various routine legal and administrative proceedings and threatened legal and administrative proceedings incidental to the ordinary course of our business. Radio One believes the resolution of such matters will not have a material adverse effect on its business, financial condition or results of operations.

Item 1A. ***Risk Factors***

In addition to the other information set forth in this report, you should carefully consider the risk factors discussed in Part I, "*Item 1A. Risk Factors*" in our Annual Report on Form 10-K for the year ended December 31, 2015 (the "2015 Annual Report"), which could materially affect our business, financial condition or future results. The risks described in our 2015 Annual Report, as updated by our quarterly reports on Form 10-Q, are not the only risks facing our Company. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial, may also materially adversely affect our business, financial condition and/or operating results.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

None.

Item 3. ***Defaults Upon Senior Securities***

None.

Item 4. ***Removed and Reserved***

Item 5. ***Other Information***

None.

Item 6. ***Exhibits***

Exhibit Number	Description
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Financial information from the Quarterly Report on Form 10-Q for the quarter ended September 30, 2016, formatted in XBRL.

SIGNATURE

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.

RADIO ONE, INC.

/s/ PETER D. THOMPSON

Peter D. Thompson
Executive Vice President and
Chief Financial Officer
(Principal Accounting Officer)

November 4, 2016

Exhibit 31.1

I, Alfred C. Liggins, III, Chief Executive Officer and President of Radio One, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Radio One, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's third fiscal quarter in the case of this report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Alfred C. Liggins, III
Alfred C. Liggins, III
President and Chief Executive Officer

Date: November 4, 2016

Exhibit 31.2

I, Peter D. Thompson, Executive Vice President, Chief Financial Officer and Principal Accounting Officer of Radio One, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Radio One, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(i)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's third fiscal quarter in the case of this report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Peter D. Thompson

Peter D. Thompson
Executive Vice President,
Chief Financial Officer and Principal Accounting Officer

Date: November 4, 2016

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Radio One, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2016 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Alfred C. Liggins, III
Name: Alfred C. Liggins, III
Title: President and Chief Executive Officer

Date: November 4, 2016

A signed original of this written statement required by Section 906 has been provided to Radio One, Inc. and will be retained by Radio One, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Radio One, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(i) The accompanying Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2016 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Peter D. Thompson
Name: Peter D. Thompson
Title: Executive Vice President and Chief Financial Officer

Date: November 4, 2016

A signed original of this written statement required by Section 906 has been provided to Radio One, Inc. and will be retained by Radio One, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.