



Steven Price
Chairman and Chief Executive Officer

February 26, 2016

Fellow Shareholders,

2015 was another year of significant progress and positive developments at Townsquare. We grew our revenue and cash flow, made a major live event acquisition and continued to make progress on many of the strategic objectives which we believe will allow us to continue to build our Company.

In 2010, we started buying radio stations in order to try to become the dominant local media company and the “town square” in each of our cities. We have done that – and so much more. We are not only the “town square” in our 66 local markets, connecting our communities with leading radio, digital, mobile, social, video, commerce and event products, but also a leading live event company, a strong player in the digital marketing solutions business and a nationally recognized digital media company.

Today, we are a diversified media and entertainment company, focused on creating and distributing compelling content that brings our audience and advertisers together repeatedly and effectively. Our digital and live event products and services are growing at a rapid pace, and are an increasingly important component of our business.

Our Local Advertising offerings, including both broadcast and local digital content, continue to be relevant and desired by advertisers in today’s fast moving environment, as evidenced by the continued growth of our Local Advertising business. Nielsen audience metrics show pervasive use and high demand for radio across all markets and audience segments, and a body of compelling return-on-investment (“ROI”) studies conducted by Nielsen and others prove radio’s ability to drive sustained and profitable growth for advertisers across multiple and diverse product categories.

I’d like to share an interesting call that I had in late 2015 that I think (and hope) is instructive about the current media landscape and Townsquare’s relevance therein. The call was with the Chief Marketing Officer (“CMO”) of a “unicorn”, a venture capital backed, pure-play internet company, valued at over \$1 billion. This particular unicorn is performing well and anticipates a bright future. Given that this unicorn wants to bring its products and services to “the heartland” of America, the CMO wanted to talk to Townsquare about our strong position across the middle of the country. Interestingly, he revealed that after spending his entire marketing budget on digital advertising in 2013 and 2014, he allocated 20% of his 2015 budget towards traditional media in the form of broadcast television and terrestrial radio. In 2016, he plans to further increase his marketing spend on traditional media: radio spend alone will increase to 20% of his total marketing budget, and his television spend will increase as well. Additionally, he would like to test event marketing through some of Townsquare’s event properties.

Of course, that’s not to suggest that digital advertising is going away, or even shrinking. On the other hand, what this CMO was acknowledging is something that we at Townsquare have believed since our

inception: that our radio and local digital assets are an excellent and increasingly important method of reaching valuable consumer segments and that our local offerings provide a cost effective ROI for advertisers. We especially find this true in our small to mid-sized markets, anchored by our heritage radio stations with powerful ratings and live and local on-air personalities.

This brief conversation confirmed Townsquare's founding thesis: to employ the key strategic assets of radio stations in small to mid-sized markets as a platform to build a multi-product local media and entertainment business. We are, in our humble opinion, the best way to reach the approximately 25 million consumers within the Townsquare footprint – people across middle America who shop, eat, drink, consume and enjoy. We reach them on-air, online and on site, often multiple times a week, and we can seamlessly connect these consumers to companies that want to sell their goods and services.

2015 HIGHLIGHTS

2015 was a strong year for Townsquare. We delivered solid operating results, refinanced our capital structure at attractive rates while extending maturities, and significantly enhanced our live events business with the acquisition of North American Midway Entertainment (“NAME”). We strengthened our local management teams and bolstered our corporate team with the addition of key individuals. Our two “start-up” businesses, Townsquare Interactive and our national digital business, Townsquare Media, were both profitable – with the latter reaching profitability for the first time. And, we continued to grow our Local Advertising business despite a sluggish start to the year and some headwinds in the political and national spot market.

2015 net revenue increased 18.0% over the prior year, and 5.4% on a pro forma basis, outpacing most if not all of our traditional radio competitors. In fact, nearly half of our 2015 pro forma net revenue was derived from sources other than the sale of terrestrial broadcast advertising. 2015 Adjusted EBITDA excluding political increased 7.9% over the prior year, and grew 2.6% in total. We produced approximately \$44 million of free cash flow, representing strong free cash flow conversion. Importantly, we delivered on shareholder expectations by meeting the guidance we outlined for each quarter and for the full year.

From an operating perspective, we made progress across our business lines. Our Local Advertising segment grew slightly over the prior year, despite the loss of political dollars, and exceeded industry growth. Excluding political revenue, our 2015 Local Advertising segment grew approximately 2% over the prior year. As we've discussed, we had some problem markets in 2015, but going into 2016 we feel well positioned across our footprint due to certain actions we took in those markets.

Our Live Events segment grew significantly due to the strategic acquisition of NAME, and demonstrated strong organic growth as well. Excluding NAME, 2015 net revenue increased 34.9% year over year. 2015 was a year of investment in our Live Events business. We made the strategic decision to strengthen our position as a leading operator of music festivals by investing in talent and production, and we continued to invest in some of our newer initiatives, including the *Insane Inflatable 5K* and *America on Tap*, both of which we expect to generate strong returns. In addition, we launched a handful of new festivals in 2015. We were also able to extend our reach across middle America with the acquisition of NAME, North America's largest mobile amusement company, entertaining more than 16 million people per year. NAME is a natural extension of our live events strategy: providing family friendly, affordable entertainment.

Other Media and Entertainment continued to experience rapid growth, with revenue growing 33.4% over the prior year. We continue to operate the leading digital advertising platform focused on music and entertainment content and reach more than 70 million unique visitors each month. We focused on building a video business throughout the year, by creating compelling content on both our local and national websites. By year end, we had achieved over 300 million lifetime views, with over 600 million of minutes consumed, across our YouTube channels. Although it is still early to measure our success through monetization, we are excited about our future prospects with video. Townsquare Interactive continued to demonstrate its appeal as an effective, affordable digital marketing solutions tool to small and medium sized businesses across the country. Revenue, cash flow and subscribers grew rapidly in 2015, and the business ended the year with approximately 8,000 subscribers, up 63% from 2014.

2016 THOUGHTS

No company that stands still can be successful in this fast-changing media and digital world – and no one will accuse us of standing still. We believe that our strategy is perfectly aligned to the dynamic changes in the media business and we have a proven track record of leveraging our traditional broadcast business to drive strong growth in other areas. With a relentless focus on the consumer, we will continue to meet the growing and evolving needs of our audience, our customers and our clients. Complacent is not in our vocabulary.

I firmly believe that as our lives become more focused around digital, and often individual, experiences, the more we will desire shared experiences involving real social interactions. Similarly, the more global and complex our world becomes, the more we will crave authentic local experiences. Townsquare provides content that revolves around communities and shared experiences: from on-air personalities discussing local news and events to unplugged, live events, we provide a way for our communities to engage with one another around shared passions, motivations and interests. I remain confident in our thesis and our strategy.

In Local Advertising, we will continue to focus on providing cross-platform solutions to our customers that fit their needs and grow their business. In Live Events, particularly with our fairs, our focus will be on integrating the business and testing new concepts that we believe could drive growth beginning in 2017. In Other Media and Entertainment, we launched a member benefits program for Townsquare Interactive customers, and aim to enhance that throughout the year to supplement our compelling digital marketing solutions offering and enhance the growth characteristics of the business.

Our current capital allocation priorities remain unchanged: to de-lever, either through debt repayment or compelling and prudent acquisition or investment opportunities. To the extent that we can find acquisitions that complement and extend our businesses at attractive return thresholds, we will seek to deploy capital for those acquisitions. We also reserve a portion of excess free cash flow for internal investments that we believe will generate attractive returns. Absent those opportunities, we intend to repay debt in pursuit of our medium-term leverage goal of approximately 4x net debt to EBITDA.

In summary, we are laser focused on strengthening our core businesses while prudently nurturing, building and growing complementary businesses and ancillary revenue streams.

THANK YOU

In closing, I would like to thank our shareholders for your continued support of our management team and your confidence in our strategy. I would also like to thank our almost 3,000 employees whose hard work, dedication, creativity and relentless focus on our audiences and clients made 2015 a terrific year for our Company. We could not do any of this without the great and serious efforts of our employees. It is an honor to work with so many talented people.

We remain highly focused on driving shareholder value, creating value for our audiences and our clients and providing a best-in-class culture for our employees and the communities which we serve.

Sincerely,

A handwritten signature in black ink that reads "Steven Price". The signature is written in a cursive, flowing style.

Steven Price

Chairman and Chief Executive Officer

Forward Looking Statements and Non-GAAP Financial Measures

This letter contains forward looking statements and certain non-GAAP financial measures. For further information regarding these matters, see Exhibit 99.1 to the Company's Current Report on Form 8-K, filed with the SEC on February 26, 2016.